

GRESHAM CITY COUNCIL

AGENDA ITEM TYPE: DECISION



Resolution No. 2998 Authorizing a Loan Agreement for Stormwater Drywell Improvements

Meeting Date: February 16, 2010
Service Area: Environmental Services

Agenda Item Number: E-1
Service Area Manager: David S. Rouse

REQUESTED COUNCIL ACTION

Move to approve Resolution 2998 authorizing and approving a Clean Water State Revolving Fund (SRF) Loan Agreement to finance stormwater drywell improvements and authorizing the City Manager and Finance Director to enter into and sign the loan agreement and related documents.

PUBLIC PURPOSE AND COMMUNITY OUTCOME

The agreement allows the utilization of a 0% interest loan with 20-year payback to make required improvements to the City's Stormwater infrastructure.

BACKGROUND

There are over 1,100 drywells in Gresham that collect and infiltrate stormwater into the ground, mostly in the northwest quadrant of the city. Significant improvements are necessary to these drywells in order to meet state and federal regulatory requirements related to Underground Injection Controls (UICs). The City's UIC permit is expected to be issued in the fall and will require improvements such as construction of drywell access lids, cleaning, and construction of pretreatment devices to be completed over the next 5 to 10 years. Funding for this work, however, is not included in the current stormwater rates. The City has been actively pursuing outside funding opportunities in order to lessen the potential impact to ratepayers.

In August of 2009, the State Environmental Quality Commission established a Special Reserve Fund to facilitate Stormwater related projects. This fund, administered by the Department of Environmental Quality (DEQ), provides up to \$24 million of no-interest loans. The City of Gresham has been awarded \$5 million from the Special Reserve Fund, which is the maximum amount allowed to a single jurisdiction. This award will allow completion of a substantial portion of the required drywell improvements. The opportunity to accept these funds is limited however, since DEQ's authority to issue loans through the Special Reserve Fund expires on February 28, 2010.

The terms of the award are extremely favorable to the City. The entire amount is awarded as a no-interest loan, with a payback period of 20 years beginning in 2015. In addition, the repayment amount is phased in, with a reduced payment amount for the first five years. Fees associated with the loan are also favorable. DEQ's administrative fee is 0.5% per year on the outstanding principal balance and there are no loan origination fees associated with the loan.

Once repayment of the SRF loan begins in 2015, annual payments will be \$125,000 per year for years one through five, and approximately \$292,000 for years six through twenty. The administrative fee totals approximately \$280,000 cumulatively across the entire twenty year timeframe. A reserve account, preliminarily set at \$62,500, equal to 25 percent of the average annual debt service payment, will be established to meet the terms of the agreement.

These terms are significantly better than what would be available by using a revenue bond or other conventional interest-bearing debt instrument. As a result, the use of the Special Reserve Fund award will allow the City to significantly limit the impact to stormwater ratepayers while meeting the UIC regulations.

RECOMMENDATION AND ALTERNATIVES

1. Staff recommends approval of the \$5 million Special Reserve Fund loan agreement with DEQ. This would limit the impact to stormwater ratepayers while meeting the UIC regulations.
2. Council may choose to pursue alternate funding for the drywell project such as utility rates or revenue bonds. This would increase costs to stormwater ratepayers and would likely delay the project.
3. Council may choose not to proceed with the drywell work. Doing so would result in the City being out of compliance with state and federal requirements pertaining to UICs, and could result in fines or other penalties.

BUDGET / FINANCIAL IMPACT

The drywell project is included in the Adopted Budget and Capital Improvement Program (CIP) under Project 908900 UIC Implementation. Repayment of the loan would not begin until FY14/15, following project completion.

PUBLIC INVOLVEMENT

The UIC Implementation project was discussed during the CIP adoption process, which includes hearings with the Planning Commission and the Council, and during the Budget adoption process. DEQ has also conducted a public comment process and posted related information on their website.

NEXT STEPS

After approval of the loan agreement with DEQ, the City will begin the design phase of the project to upgrade the City's drywells.

ATTACHMENTS

- A. Resolution 2998
 - B. Loan Agreement with DEQ
-

FROM:

David S. Rouse, Environmental Services Director
Steve Fancher, Watershed Division Manager

REVIEWED THROUGH:

Deborah Bond, Finance and Management Services Director
David Ris, City Attorney
Erik Kvarsten, City Manager

FOR MORE INFORMATION

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RESOLUTION NO. 2998

A RESOLUTION AUTHORIZING AND APPROVING A CLEAN WATER STATE REVOLVING FUND LOAN AGREEMENT TO FINANCE STORMWATER DRYWELL IMPROVEMENTS AND AUTHORIZING THE CITY MANAGER AND FINANCE DIRECTOR TO ENTER INTO AND SIGN THE LOAN AGREEMENT AND RELATED DOCUMENTS

The City of Gresham Finds:

WHEREAS, the City of Gresham (City) submitted an application to the State of Oregon Department of Environmental Quality (DEQ) to fund a project eligible for funding through the Water Pollution Control Revolving Fund of the Clean Water State Revolving Fund (CWSFR) loan program; and

WHEREAS, the City's project is Stormwater Drywell Improvements as described in an application dated March 13, 2009. The project has a total cost of \$6,322,000 and is estimated to be completed by December 31, 2014; and

WHEREAS, DEQ has approved a loan with the following terms and conditions:

Stormwater Drywell Improvements	\$5,000,000
Interest rate:	0.00%
Loan fee:	0.5% annually on outstanding balance
Repayment period:	20 years
Initial Loan Reserve:	\$62,500

WHEREAS, the Clean Water State Revolving Fund Loan Agreement No. R39193 (Agreement) is attached as Exhibit A; and

WHEREAS, the City is authorized to enter into the Agreement pursuant to ORS 468.439; and

WHEREAS, the City may pledge the Net Revenues (as defined in the Agreement) on a subordinate basis to any existing Bonds and Additional Bonds (as defined in the Agreement).

THE CITY OF GRESHAM RESOLVES:

Section 1. The City Council does authorize and approve of the CWSRF Loan Agreement No. R39193 (Agreement), substantially in the form attached as Exhibit A, for the financing of the Stormwater Drywell Improvements as described above. Any amendment to the Agreement shall be subject to review and approval by the City Council.

Section 2. The City Council does authorize and approve the subordinate pledge of the Net Revenues and the establishment and funding of a Subordinate Obligations Account within the Stormwater Revenue Fund as set forth in Section 7 of the Master Resolution (as defined in the Agreement) and, within such account, a designated reserve account to meet the "Loan Reserve" requirement of the Agreement and the City further directs the City Manager and the Director of Finance & Management Services Department to establish and manage this Subordinate Obligations Account.

Section 3. The City Council does authorize and direct the City Manager and the Finance Director, acting for and on behalf of the City, to execute the Agreement substantially in the form attached as Exhibit A and such other and additional documents as may reasonably be required for the consummation and closing of the Loan.

Yes: _____

No: _____

Absent: _____

Abstain: _____

Passed by the Gresham City Council and effective on _____.

City Manager

Mayor

Approved as to Form:

City Attorney

**CLEAN WATER STATE REVOLVING FUND
LOAN AGREEMENT
No. R39193**

BETWEEN

**THE STATE OF OREGON
ACTING BY AND THROUGH ITS
DEPARTMENT OF ENVIRONMENTAL QUALITY**

AND

CITY OF GRESHAM

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THIS LOAN AGREEMENT is made and entered into as of the date it is fully executed by both parties (and in the case of the State, approved by the Attorney General's Office, if required) and is by and between the **State of Oregon, acting by and through its Department of Environmental Quality ("DEQ")**, and the **Borrower** (as defined below). Unless the context requires otherwise, capitalized terms not defined below shall have the meanings assigned to them by ARTICLE 9 of this Loan Agreement. The reference number for the Loan made pursuant to this Loan Agreement is Loan No. R39193.

DEQ agrees to make, and Borrower agrees to accept, the Loan on the terms and subject to the conditions set forth below.

ARTICLE 1: THE LOAN - SPECIFIC TERMS

DEQ agrees to make the Loan on the following terms and conditions:

(A) BORROWER: City of Gresham.

(B) BORROWER'S ADDRESS: City of Gresham
1333 NW Eastman Parkway
Gresham, Oregon 97030
Fax 503-665-6825

(C) LOAN AMOUNT: \$5,000,000.

(D) TYPE AND PURPOSE OF LOAN. The Loan is a "Revenue Secured Loan" made by DEQ pursuant to OAR Section 340-054-0065(2) for the purpose of financing the Project.

(E) PROJECT TITLE: Stormwater drywell improvements

(F) DESCRIPTION OF THE PROJECT: Improvements to the Borrower's stormwater system, as described in the application dated March 13, 2009.

(G) INTEREST RATE: Zero percent (0.00%) per annum. Calculation of interest is also discussed in ARTICLE 2(E) and in ARTICLE 2(F)(4) of this Agreement.

(H) REPAYMENT PERIOD: Twenty (20) years after the date on which the first payment is due under this Loan.

(I) TERMS OF REPAYMENT: Semi-annual payments of principal in accordance with Appendix A and ARTICLE 2(F) of this Agreement, beginning February 1, 2015.

(J) PLEDGE: The Borrower hereby grants to DEQ a security interest in and irrevocably pledges its Net Revenues to pay the amounts due under this Loan Agreement. The Net Revenues so pledged and hereafter received by the Borrower shall immediately be subject to the lien of such pledge without physical delivery or further act, and the lien of the pledge shall be superior to all other claims and liens whatsoever, to the fullest extent permitted by ORS 287A.310. The Borrower represents and warrants that the pledge of Net Revenues hereby made by the Borrower complies with, and shall be valid and binding from the date of this Agreement

pursuant to, ORS 287A.310. The Borrower covenants with DEQ and any assignee of this Agreement that except as otherwise expressly provided herein, the Borrower shall not issue any other Subordinate Obligations which have a pledge or lien on the Net Revenues superior to or on a parity with the pledge herein granted without the written permission of DEQ. This Loan is a parity obligation with all other CWSRF loans between DEQ and the Borrower; provided, however, that this provision shall not affect the priority that prior CWSRF loans are entitled to in relation to any loans between Borrower and any third parties. This Loan shall be superior to any other Subordinate Obligations issued by the Borrower, unless the Borrower obtains the written consent of DEQ to issue Subordinate Obligations on a parity with the pledge of this Loan.

(K) ANNUAL FEE: An annual fee of 0.5% of the Outstanding Loan Amount (as determined prior to the posting of the payment due on that date) is due during the Repayment Period commencing with the second payment date hereunder and annually thereafter.

(L) SUBORDINATION: The pledge of Net Revenues by the Borrower herein granted shall be subordinate to the pledge of the Net Revenues granted for payment of the Stormwater Revenue Bonds issued pursuant to the Master Resolution, and to any Additional Bonds (as defined in the Master Resolution). The Borrower agrees that it will not amend the Master Resolution in any way that would have a material adverse effect on the pledge granted under this Loan Agreement. The Borrower agrees that prior to amending the Master Resolution it will provide DEQ 15 days advance notice. It is agreed that the issuance of Additional Bonds will not have a material adverse effect on the pledge granted in this Loan Agreement. The Borrower further agrees that it will provide DEQ 15 days advance notice prior to issuance of Additional Bonds.

ARTICLE 2: GENERAL LOAN PROVISIONS

(A) AGREEMENT OF DEQ TO LOAN. DEQ agrees to loan the Borrower an amount not to exceed the Loan Amount, subject to the terms and conditions of this Loan Agreement, but solely from funds available to DEQ in the Water Pollution Control Revolving Fund for its Clean Water State Revolving Fund program. This Loan Agreement is given as evidence of a Loan to the Borrower made by DEQ pursuant to ORS Chapters 190, 286A, 287A, and 468, and OAR Chapter 340, all as amended from time to time, consistent with the express provisions hereof.

(B) AVAILABILITY OF FUNDS. DEQ's obligation to make the Loan described in this Agreement is subject to the availability of funds in the Water Pollution Control Revolving Fund for its CWSRF program, and DEQ shall have no liability to the Borrower or any other party if such funds are not available or are not available in amounts sufficient to fund the entire Loan described herein. Funds may not be available ahead of the estimated schedule of disbursements submitted by the Borrower, which is attached as Appendix B. This schedule may be revised from time to time by the parties without the necessity of an amendment by replacing the then current Appendix B with an updated Appendix B which is dated and signed by both parties.

(C) DISBURSEMENT OF LOAN PROCEEDS.

(1) Project Account(s). Loan proceeds (as and when disbursed by DEQ to the Borrower) shall be deposited in a Project account(s). The Borrower shall maintain Project account(s) as segregated account(s). Funds in the Project account(s) shall only be used to pay for Project costs, and all earnings on the Project account(s) shall be credited to the account(s).

(2) Documentation of Expenditures. The Borrower shall provide DEQ with written evidence of materials and labor furnished to and performed upon the Project and such receipts for the payment of the same, releases, satisfactions and other signed statements and forms as DEQ may reasonably require. DEQ will disburse funds to pay Project costs only after the Borrower has provided documentation satisfactory to DEQ that such Project costs have been incurred and qualify for reimbursement hereunder.

(3) Adjustments and Corrections. DEQ may at any time review and audit requests for disbursement and make adjustments for, among other things, ineligible expenditures, mathematical errors, items not built or bought, unacceptable work and other discrepancies. Nothing in this Agreement requires DEQ to pay any amount for labor or materials unless DEQ is satisfied that the claim therefor is reasonable and that the Borrower actually expended and used such labor or materials in the Project. In addition, DEQ shall not be required to make any disbursement which would cause the total of all disbursements made hereunder (including the requested disbursement) to be greater than the total estimated cost of the work completed at the time of the disbursement, as determined by DEQ.

(4) Contract Retainage Disbursement. DEQ will not disburse Loan proceeds to cover contractor retainage unless the Borrower is disbursing retainage to an escrow account and provides proof of the deposit, or until the Borrower provides proof that it paid retained funds to the contractor.

(D) AGREEMENT OF BORROWER TO REPAY. The Borrower agrees to repay all amounts owed on this Loan as described in ARTICLE 1(I) and ARTICLE 2(F) in U.S. Dollars in immediately available funds at the place listed for DEQ in ARTICLE 10(A). In any case, the Borrower agrees to repay all amounts owed on this Loan within the Repayment Period.

(E) INTEREST. Interest will accrue at the rate specified in ARTICLE 1(G) from the date that a disbursement hereunder is mailed or delivered to the Borrower or deposited into an account of the Borrower. Interest will accrue using a 365/366 day year and actual days elapsed until the Final Loan Amount is determined and the final repayment schedule is prepared and thereafter on a 360-day year basis and actual days elapsed.

(F) LOAN REPAYMENT.

(1) Preliminary Repayment Schedule; Interim Payments. The attached Appendix A is a preliminary repayment schedule based on the estimated date of the first disbursement hereunder and Loan Amount. Until the final repayment schedule is effective, the Borrower shall make the payments set forth in the preliminary repayment schedule.

(2) Final Repayment Schedule. After the Borrower has submitted its final request for Loan proceeds and DEQ has made all required disbursements hereunder, DEQ will determine the Final Loan Amount and prepare a final payment schedule that provides for level semi-annual installment payments of principal and interest (commencing on the next semi-annual payment date), each in an amount sufficient to pay accrued interest to the date of payment and to pay so much of the principal balance as to fully amortize the then Outstanding Loan Amount over the remaining Repayment Period.

(3) Crediting of Scheduled Payments. A scheduled payment received before the scheduled repayment date will be applied to interest and principal on the scheduled repayment date, rather than on the day such payment is received. Scheduled payments will be applied first to fees due, if any, and then to interest, according to the applicable repayment schedule, and then to principal.

(4) Crediting of Unscheduled Payments. All unscheduled payments, including any prepayments and partial payments, will be applied first to fees due, if any, and then to accrued unpaid interest (which will be computed as otherwise provided in this Agreement, except that interest from the last payment date will be calculated using a 365/366 day year and actual days elapsed), and then to principal. In the case of a Loan prepayment that does not prepay all of the principal of the Loan, DEQ will determine, in its sole discretion, how it will apply such Loan prepayment to the Outstanding Loan Amount. After a partial payment, DEQ may, in its sole and absolute discretion, reamortize the Outstanding Loan Amount at the same interest rate for the same number of payments to decrease the Loan payment amount; provided, however, that nothing in this Agreement requires DEQ to accept any partial payment or to reamortize the Outstanding Loan Amount if it accepts a partial payment.

(5) Final Payment. The Outstanding Loan Amount, all accrued and unpaid interest, and all unpaid fees and charges due hereunder are due and payable no later than twenty (20) years after the date of the first payment due under this Loan.

(G) PREPAYMENT.

(1) Optional Prepayment. The Borrower may prepay any amount owed on this Loan without penalty on any business day upon 24 hours prior written notice. Any prepayment made hereunder will be applied in accordance with ARTICLE 2(F)(4).

(2) Refinancing of Loan by the Borrower. If the Borrower refinances the portion of the Project financed by this Loan or obtains an additional grant or loan that is intended to finance the portion of the Project financed by this Loan, it will prepay the portion of the Loan being refinanced by the additional grant or loan.

(3) Ineligible Uses of the Project. If the Borrower uses the Project for uses that are other than those described in ARTICLE 1(F) ("ineligible uses"), the Borrower shall, upon demand by DEQ, prepay an amount equal to the Outstanding Loan Amount multiplied by the percentage (as determined by DEQ) of ineligible use of the Project. Such prepayment shall be applied against the most remotely maturing principal installments and shall not postpone the due date of any payment(s) hereunder.

(H) LATE PAYMENT FEE. The Borrower agrees to pay immediately upon DEQ's demand a late fee equal to five percent (5%) of any payment (including any loan fee) that is not received by DEQ on or before the tenth (10th) calendar day after such payment is due hereunder.

(I) TERMINATION OF LOAN AGREEMENT. Upon performance by the Borrower of all of its obligations under this Loan Agreement, including payment in full of the Final Loan Amount, all accrued interest and all fees, charges and other amounts due hereunder, this Loan Agreement will

terminate, and DEQ will release its interest in any collateral given as security under this Loan Agreement.

ARTICLE 3: GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS

(A) REPRESENTATIONS AND WARRANTIES OF THE BORROWER. The Borrower represents and warrants to DEQ that:

(1) It is a duly formed and existing public agency (as defined in ORS 468.423(2)) and has full power and authority to enter into this Loan Agreement.

(2) This Agreement has been duly authorized and executed and delivered by an authorized officer of the Borrower and constitutes the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms.

(3) All acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Agreement have existed, have happened, and have been performed in due time, form and manner as required by law.

(4) Neither the execution of this Loan Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with any of the terms and conditions of this Loan Agreement will violate any provision of law, or any order of any court or other agency of government, or any agreement or other instrument to which the Borrower is now a party or by which the Borrower or any of its properties or assets is bound. Nor will this Loan Agreement be in conflict with, result in a breach of, or constitute a default under, any such agreement or other instrument, or, except as provided hereunder, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower.

(5) This Loan Agreement does not create any unconstitutional indebtedness. The Loan Amount together with all of the Borrower's other obligations does not, and will not, exceed any limits prescribed by the Constitution, any of the statutes of the State of Oregon, the Borrower's charter, or any other authority.

(6) The Project is a project which the Borrower may undertake pursuant to Oregon law and for which the Borrower is authorized by law to borrow money.

(7) The Borrower has full legal right and authority and all necessary licenses and permits required as of the date hereof to own, operate and maintain the Facility and the Project, other than licenses and permits relating to the Facility or the Project which the Borrower expects to and shall receive in the ordinary course of business, to carry on its activities relating thereto, to execute and deliver this Agreement, to undertake and complete the Project, and to carry out and consummate all transactions contemplated by this Agreement.

(8) The information contained herein which was provided by the Borrower is true and accurate in all respects, and there is no material adverse information relating to the Project or the Loan, known to the Borrower, that has not been disclosed in writing to DEQ.

(9) No litigation exists or has been threatened that would cast doubt on the enforceability of the Borrower's obligations under this Loan Agreement.

(10) The estimated Completion Date of the Project is December 31, 2014.

(11) The estimated total Costs of the Project are \$6,322,000.

(12) The Borrower is in compliance with all laws, ordinances, and governmental rules and regulations to which it is subject, the failure to comply with which would materially adversely affect the ability of the Borrower to conduct its activities or undertake or complete the Project or the condition (financial or otherwise) of the Borrower or the Project.

(B) **CONTINUING REPRESENTATIONS OF THE BORROWER.** The representations of the Borrower contained herein shall be true on the closing date for the Loan and at all times during the term of this Agreement.

(C) **REPRESENTATIONS AND WARRANTIES OF DEQ.** DEQ represents and warrants that the Director has power under ORS Chapter 468 and OAR Chapter 340, Division 54, to enter into the transactions contemplated by this Loan Agreement and to carry out DEQ's obligations thereunder and that the Director is authorized to execute and deliver this Loan Agreement and to make the Loan as contemplated hereby.

ARTICLE 4: CONDITIONS TO LOAN

(A) **CONDITIONS TO CLOSING.** DEQ's obligations hereunder are subject to the condition that on or prior to December 31, 2009, the Borrower will duly execute and deliver to DEQ the following items, each in form and substance satisfactory to DEQ and its counsel:

(1) this Agreement duly executed and delivered by an authorized officer of the Borrower;

(2) a copy of the ordinance, order or resolution of the governing body of the Borrower authorizing the execution and delivery of this Agreement, certified by an authorized officer of the Borrower;

(3) an opinion of the legal counsel to the Borrower to the effect that:

(a) The Borrower has the power and authority to execute and deliver and perform its obligations under this Loan Agreement;

(b) This Loan Agreement has been duly executed and acknowledged where necessary by the Borrower's authorized representative(s), all required approvals have been obtained, and all other necessary actions have been taken, so that this Loan Agreement is valid, binding, and enforceable against the Borrower in accordance with its terms, except as such enforcement is affected by bankruptcy, insolvency, moratorium, or other laws affecting creditors rights generally;

(c) To such counsel's knowledge, this Loan Agreement does not violate any other agreement, statute, court order, or law to which the Borrower is a party or by which it or any of its property or assets is bound; and

(d) The Net Revenues used as security for the Loan will **not** constitute taxes that are limited by Section 11b, Article XI of the Oregon Constitution; and

(4) such other documents, certificates, opinions and information as DEQ or its counsel may reasonably require.

(B) CONDITIONS TO DISBURSEMENTS. Notwithstanding anything in this Agreement to the contrary, DEQ shall have no obligation to make any disbursement to the Borrower under this Agreement unless:

(1) No Event of Default and no event, omission or failure of a condition which would constitute an Event of Default after notice or lapse of time or both has occurred and is continuing;

(2) All of the Borrower's representations and warranties in this Agreement are true and correct on the date of disbursement with the same effect as if made on such date; and

(3) The Borrower submits a disbursement request to DEQ that complies with the requirements of ARTICLE 2(C);

provided, however, DEQ shall be under no obligation to make any disbursement if:

(1) there is insufficient money available in the SRF and CWSRF Program for the Project; or

(2) there has been a change in any applicable state or federal law, statute, rule or regulation so that the Project is no longer eligible for the Loan.

ARTICLE 5: COVENANTS OF BORROWER

(A) GENERAL COVENANTS OF THE BORROWER. Until the Loan is paid in full, the Borrower covenants with DEQ that:

(1) The Borrower shall use the Loan funds only for payment or reimbursement of the Costs of the Project in accordance with this Loan Agreement. The Borrower acknowledges and agrees that the Costs of the Project do NOT include any Lobbying costs or expenses incurred by Borrower or any person on behalf of Borrower and that Borrower will not request payment or reimbursement for Lobbying costs and expenses.

(2) If the Loan proceeds are insufficient to pay for the Costs of the Project in full, the Borrower shall pay from its own funds and without any right of reimbursement from DEQ all such Costs of the Project in excess of the Loan proceeds.

(3) The Borrower is and will be the owner of the Facility and the Project and shall defend them against the claims and demands of all other persons at any time claiming the same or any interest therein.

(4) The Borrower shall not sell, lease, transfer, or encumber or enter into any management agreement or special use agreement with respect to the Facility or any financial or fixed asset of the utility system that produces the Net Revenues without DEQ's prior written approval, which approval may be withheld for any reason. Upon sale, transfer or encumbrance of the Facility or the Project, in whole or in part, to a private person or entity, this Loan shall be immediately due and payable in full.

(5) Concurrent with the execution and delivery of this Loan Agreement, or as soon thereafter as practicable, the Borrower shall take all steps necessary to cause the Project to be completed in a timely manner in accordance with all applicable DEQ requirements.

(6) The Borrower shall take no action that would adversely affect the eligibility of the Project as a CWSRF project or cause a violation of any Loan covenant in this Agreement.

(7) The Borrower shall undertake the Project, request disbursements under this Loan Agreement, and use the Loan proceeds in full compliance with all applicable laws and regulations of the State of Oregon, including but not limited to ORS Chapter 468 and Oregon Administrative Rules Sections 340-054-0005 to 340-054-0065, as they may be amended from time to time, and all applicable federal authorities and laws and regulations of the United States, including but not limited to Title VI of the Clean Water Act as amended by the Water Quality Act of 1987, Public Law 100-4, the federal cross-cutters listed at Appendix D (attached hereto and by this reference made a part hereof) and regulations of the U.S. Environmental Protection Agency, all as they may be amended from time to time.

(8) The Borrower shall keep the Facility in good repair and working order at all times and operate the Facility in an efficient and economical manner. The Borrower shall provide the necessary resources for adequate operation, maintenance and replacement of the Project and retain sufficient personnel to operate the Facility.

(9) Interest paid on this Loan Agreement is *not* excludable from gross income under Section 103(a) of the United States Internal Revenue Code of 1986, as amended (the "Code"). However, DEQ may have funded this Loan with the proceeds of state bonds that bear interest that is excludable from gross income under Section 103(a) of the Code. Section 141 of the Code requires that the state not allow the proceeds of the state bonds to be used by private entities (including the federal government) in such a way that the state bonds would become "private activity bonds" as defined in Section 141 of the Code. To protect the state bonds the Borrower agrees that it shall not use the Loan proceeds or lease, transfer or otherwise permit the use of the Project by any private person or entity in any way that that would cause this Loan Agreement or the state bonds to be treated as "private activity bonds" under Section 141 of the Code and the regulations promulgated under that Section of the Code.

(B) DEBT SERVICE COVERAGE REQUIREMENT; STORMWATER RATE COVENANT; REPORTING.

(1) Debt Service Coverage Requirement. The Borrower shall maintain stormwater rates and charge fees in connection with the operation of the Facility that are adequate to generate Net Revenues in each fiscal year sufficient to pay (i) all debt service (excluding debt service on the Loan), (ii) all other financial obligations imposed in connection with prior lien obligations of the Borrower, and (iii) an amount equal to the debt service coverage factor of 125% multiplied by the debt service payments due under this Loan Agreement in that fiscal year; provided, however, the amount required under (i) shall include any amounts required by DEQ to provide coverage satisfactory to DEQ on prior lien obligations or new lien obligations the Borrower may incur that DEQ determines are inadequately secured or otherwise may adversely affect the ability of the Borrower to repay the Loan.

(2) Stormwater Rate Adjustments. The Borrower shall review its stormwater rates and fees at least annually. If, in any fiscal year, the Borrower fails to collect fees sufficient to meet the debt service coverage requirement described in ARTICLE 5(B)(1), the Borrower shall promptly adjust its stormwater rates and fees to assure future compliance with such coverage requirement. The Borrower's adjustment of the stormwater rates and fees does **not** constitute a cure of any default by the Borrower of the debt service coverage requirement set forth in ARTICLE 5(B)(1). The Borrower's failure to adjust rates shall not, at the discretion of DEQ, constitute a default if the Borrower transfers to the fund that holds the Net Revenues unencumbered resources in an amount equal to the revenue deficiency to the Facility that produces the Net Revenues.

(3) Reporting Requirement. By December 31 of each year the Borrower shall provide DEQ with a report that demonstrates the Borrower's compliance with the requirements of this ARTICLE 5(B). If the audit report described in ARTICLE 5(F) identifies the Net Revenues and contains a calculation demonstrating whether the Borrower satisfied the requirements of this ARTICLE 5(B), that audit will satisfy the requirements of this ARTICLE 5(B)(3).

(C) LOAN RESERVE REQUIREMENT; LOAN RESERVE ACCOUNT.

(1) Loan Reserve Requirement. The Loan reserve requirement equals 50% times one-half of the average annual debt service based on the final repayment schedule. Until the Final Loan Amount is calculated, the Loan Reserve Requirement is \$62,500. The Borrower shall deposit the Loan reserve requirement amount into the Loan Reserve Account no later than the date the first payment is due hereunder.

(2) Loan Reserve Account. The Borrower shall create a segregated Loan Reserve Account that shall be held in trust for the benefit of DEQ. The Borrower hereby grants to DEQ a security interest in and irrevocably pledges the Loan Reserve Account to pay the amounts due under this Loan Agreement. The funds in Loan Reserve Account so pledged and hereafter received by the Borrower shall immediately be subject to the lien of such pledge without physical delivery or further act, and the lien of the pledge shall be superior to all other claims and liens whatsoever, to the fullest extent

permitted by ORS 287A.310. The Borrower represents and warrants that the pledge of the Loan Reserve Account hereby made by the Borrower complies with, and shall be valid and binding from the date of this Agreement pursuant to, ORS 287A.310. The Borrower shall use the funds in the Loan Reserve Account solely to pay amounts due hereunder until the principal, interest, fees, and any other amounts due hereunder have been fully paid.

(3) Additional Deposits. If the balance in the Loan Reserve Account falls below the Loan reserve requirement, the Borrower shall promptly deposit from the first Net Revenues available after payment of the amounts due hereunder (unless the Borrower has previously made such deposit from other money of the Borrower) an amount sufficient to restore the balance up to the Loan reserve requirement.

(D) **INSURANCE.** At its own expense, the Borrower shall, during the term of this Agreement, procure and maintain insurance coverage (including, but not limited to, hazard, flood and general liability insurance) adequate to protect DEQ's interest and in such amounts and against such risks as are usually insurable in connection with similar projects and as is usually carried by entities operating similar facilities. The insurance shall be with an entity which is acceptable to DEQ. The Borrower shall provide evidence of such insurance to DEQ. Self insurance maintained pursuant to a recognized municipal program of self-insurance will satisfy this requirement.

(E) **INDEMNIFICATION.** *The Borrower shall, to the extent permitted by law and the Oregon Constitution, indemnify, save and hold the State, its officers, agents and employees harmless from and (subject to ORS Chapter 180) defend each of them against any and all claims, suits, actions, losses, damages, liabilities, cost and expenses of any nature whatsoever resulting from, arising out of or relating to the acts or omissions of the Borrower or its officers, employees, subcontractors or agents in regard to this Agreement or the Project.*

(F) THE BORROWER'S FINANCIAL RECORDS; FINANCIAL REPORTING REQUIREMENTS.

(1) Financial Records. The Borrower shall keep proper and complete books of record and account and maintain all fiscal records related to this Agreement, the Project, and the Facility in accordance with generally accepted accounting principles, generally accepted government accounting standards, the requirements of the Governmental Accounting Standards Board, and state minimum standards for audits of municipal corporations. The Borrower must maintain separate Project accounts in accordance with generally accepted government accounting standards promulgated by the Governmental Accounting Standards Board. The Borrower will permit DEQ and the Oregon Secretary of State and their representatives to inspect its properties, and all work done, labor performed and materials furnished in and about the Project, and DEQ, the Oregon Secretary of State and the federal government and their duly authorized representatives shall have access to the Borrower's fiscal records and other books, documents, papers, plans and writings that are pertinent to this Agreement to perform examinations and audits and make excerpts and transcripts and take copies.

(2) Record Retention Period. The Borrower shall retain and keep accessible files and records relating to the Project for at least three (3) years (or such longer period as

may be required by applicable law) after Project completion as determined by DEQ and financial files and records until all amounts due under this Loan Agreement are fully repaid, or until the conclusion of any audit, controversy, or litigation arising out of or related to this Agreement, whichever date is later.

(3) Audit. Federal enabling legislation and applicable regulations require an audit of each CWSRF Loan. The Borrower agrees to provide to DEQ the following which DEQ agrees to accept as adequate to meet this federal audit requirement.

(a) As soon as possible, but in no event later than six (6) months following the Project Completion Date, a full and complete accounting of the Costs of the Project, including but not limited to documentation to support each cost element and a summary of the Costs of the Project and the sources of funding; and

(b) As soon as possible, but in no event later than nine (9) months after the end of each fiscal year, a copy the Borrower's annual audit report.

(4) Single Audit Act Requirements. The CWSRF Program receives capitalization grants through the Catalog of Federal Domestic Assistance (CFDA) No. 66.458: Capitalization Grants for State Revolving Funds and is subject to the regulations of the U.S. Environmental Protection Agency. The CWSRF Program is subject to the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" implementing the Single Audit Act of 1996 ("Circular A-133"). As a sub-recipient of a federal grant, the Borrower is subject to Circular A-133 to the extent that Loan proceeds include federal capitalization grant funds. DEQ will notify the Borrower of the sources of the Loan funds at the end of each fiscal year, and to the extent required, the Borrower is responsible for compliance with the requirements of Circular A-133.

(G) **DBE GOOD FAITH EFFORT.** Pursuant to the good faith efforts described in Appendix C, the Borrower shall make a good faith effort to promote fair share awards to Minority Business Enterprises ("MBE"), Women's Business Enterprises ("WBE"), and Small Businesses in Rural Areas ("SBRA") on all contracts and subcontracts awarded as part of the Project.

(H) **PROJECT ASSURANCES.** Nothing in this Loan Agreement prohibits the Borrower from requiring more assurances, guarantees, indemnity or other contractual requirements from any party performing Project work.

ARTICLE 6: REPRESENTATIONS, WARRANTIES, COVENANTS AND CONDITIONS RELATING TO CONSTRUCTION PROJECTS ONLY

(A) THE BORROWER'S REPRESENTATION AND WARRANTY REGARDING COSTS ALREADY INCURRED.

(1) The Borrower represents and warrants to DEQ that, as of the date of this Loan Agreement, the Costs of the Project actually incurred by the Borrower for construction, do not exceed \$ -0-.

(2) The Borrower acknowledges that DEQ is relying upon the Borrower's representation regarding the amount of Costs of the Project incurred by the Borrower for construction prior to the date of this Loan Agreement as set forth in ARTICLE 6(A)(1) above to determine what portion of the Loan qualifies as a "refinancing" under the EPA's Clean Water State Revolving Fund regulations, 40 C.F.R. Part 35, that may be disbursed on a reimbursement basis.

(B) CONDITION TO DISBURSEMENTS. DEQ's obligation to make disbursements hereunder is further conditioned on the following:

(1) The Borrower's plans, specifications and related documents for the Project shall be reviewed and approved by DEQ.

(2) The Borrower has submitted documentation satisfactory to DEQ that the disbursement is for work that complies with plans, specifications, change orders and addenda approved by DEQ.

(3) The Borrower has submitted a copy of the awarded contract and bid documents (including a tabulation of all bids received) to DEQ for the portion of the Project costs that will be funded with the disbursement.

(C) GENERAL PROVISIONS. The Borrower covenants with DEQ that:

(1) Construction Manual. Unless stated otherwise in this Agreement, the Borrower shall comply with the requirements set forth in the current version of the Manual. DEQ will provide the Borrower with a copy of the Manual upon request.

(2) Plans and Specifications. The Borrower shall obtain DEQ's review and approval of the Borrower's plans, specifications, and related documents for the Project prior to any disbursement of Loan proceeds hereunder.

(3) Change Orders. The Borrower shall submit all change orders to DEQ. The Borrower shall not use any Loan proceeds to pay for costs of any change order that DEQ has not approved in writing. This ARTICLE 6(C)(3) shall not prevent the Borrower from using funds other than Loan proceeds to pay for a change order before DEQ approves it, but the Borrower bears the risk that DEQ will not approve the change order.

(4) Inspections; Reports. The Borrower shall provide inspection reports during the construction of the Project as required by DEQ to ensure that the Project complies with approved plans and specifications. Qualified inspectors shall conduct these inspections under the direction of a registered civil, mechanical or electrical engineer, whichever is appropriate. DEQ or its representative(s) may enter property owned or controlled by the Borrower to conduct interim inspections and require progress reports sufficient to determine compliance with approved plans and specifications and with the Loan Agreement, as appropriate.

(5) Asbestos and Other Hazardous Materials. The Borrower shall ensure that only persons trained and qualified for removal of asbestos or other Hazardous Materials will

remove any asbestos or Hazardous Materials, respectively, which may be part of this Project.

(6) [RESERVED]

(7) Project Performance Certification. The Borrower shall submit to DEQ draft performance standards before the Project is fifty percent (50%) complete. The Borrower shall submit to DEQ final performance standards that meet DEQ's approval before the Project is ninety percent (90%) complete. The Borrower shall submit to DEQ the following done in accordance with the Manual: (i) no later than 10.5 months after the Initiation of Operation (as that term is defined in OAR 340-054-0010(26)), a performance evaluation report based on the approved performance standards; (ii) within one year after the Project's Initiation of Operation, Project performance certification statement; and (iii) within two (2) months of submission of such Project performance certification statement, a corrective action plan for any Project deficiencies noted in said statement.

(8) Alterations After Completion. The Borrower shall not materially alter the design or structural character of the Project after completing the Project without DEQ's written approval.

(9) Project Initiation of Operations.

(a) The Borrower shall notify DEQ of the Initiation of Operation no more than thirty (30) days after the actual Project Completion Date.

(b) If the Project is completed, or is completed except for minor items, and the Project is operable, but DEQ has not received a notice of Initiation of Operation from the Borrower, DEQ may assign an Initiation of Operation date.

(D) PROVISION APPLICABLE TO CONTRACTS AND SUBCONTRACTS AWARDED FOR THE PROJECT

(1) Davis-Bacon Requirements. All contracts and subcontracts awarded as part of the Project shall comply with the wage rate requirements of the Davis-Bacon Act, as amended, 40 U.S.C. §§276a to 276a-5 (1994). All contracts and subcontracts awarded as part of the Project shall also comply with the requirements of the *Prevailing Wage Rates for Public Works Projects in Oregon* established under ORS 279C.800 through 279C.870 and OAR 839-025-0000 through 839-025-0540.

(2) Retainage. The Borrower shall require a five percent (5%) retainage in all of its contracts related to the Project for an amount greater than One Hundred Thousand Dollars (\$100,000).

ARTICLE 7: DISCLAIMERS BY DEQ; LIMITATION OF DEQ'S LIABILITY

(A) DISCLAIMER OF ANY WARRANTY. DEQ EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A

PARTICULAR PURPOSE, REGARDING THE PROJECT, THE QUALITY OF MATERIALS SUPPLIED TO AND THAT BECOME A PART OF THE PROJECT, THE QUALITY OF THE WORKMANSHIP PERFORMED UPON THE PROJECT, OR THE EXTENT AND STAGE OF COMPLETION OF THE PROJECT. No such warranty or guarantee shall be implied by virtue of any inspection or disbursement made by DEQ. Any inspection done by the DEQ shall be for its sole benefit.

(B) DISCLAIMER OF LIABILITY OF DEQ. DEQ EXPRESSLY DISCLAIMS LIABILITY OF ANY KIND OR CHARACTER WHATSOEVER FOR PAYMENT OF LABOR OR MATERIALS OR OTHERWISE IN CONNECTION WITH THE COMPLETION OF THE PROJECT OR CONTRACTS ENTERED INTO BY THE BORROWER WITH THIRD PARTIES FOR THE COMPLETION OF THE PROJECT. All Project costs of labor, materials and construction, including any indirect costs, shall be the responsibility of and shall be paid by the Borrower.

(C) NONLIABILITY OF STATE.

(1) The State and its officers, agents and employees shall not be liable to the Borrower or to any other party for any death, injury, damage, or loss that may result to any person or property by or from any cause whatsoever, arising out of any defects in the plans, design drawings and specifications for the Project, any agreements or documents between the Borrower and third parties related to the Project or any activities related to the Project. DEQ shall not be responsible for verifying cost-effectiveness of the Project, doing cost comparisons or reviewing or monitoring compliance by the Borrower or any other party with state procurement laws and regulations.

(2) The Borrower hereby expressly releases and discharges DEQ, its officers, agents and employees from all liabilities, obligations and claims arising out of the Project work or under the Loan, subject only to exceptions previously agreed upon in writing by the parties.

(3) Any findings by DEQ concerning the Project and any inspections or analyses of the Project by DEQ are for determining eligibility for the Loan and disbursement of Loan proceeds only. Such findings do not constitute an endorsement of the feasibility of the Project or its components or an assurance of any kind for any other purpose.

(4) Review and approval of Facilities plans, design drawings and specifications or other documents by or for DEQ does not relieve the Borrower of its responsibility to properly plan, design, build and effectively operate and maintain the Facility as required by law, regulations, permits and good management practices.

ARTICLE 8: DEFAULT AND REMEDIES

(A) EVENTS OF DEFAULT. The occurrence of one or more of the following events constitutes an Event of Default, whether occurring voluntarily or involuntarily, by operation of law or pursuant to any order of any court or governmental agency:

(1) The Borrower fails to make any Loan payment within thirty (30) days after the payment is scheduled to be made according to the repayment schedule;

(2) Any representation or warranty made by the Borrower hereunder was untrue in any material respect as of the date it was made;

(3) The Borrower becomes insolvent or admits in writing an inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee or receiver for the Borrower or a substantial part of its property; or in the absence of such application, consent, or acquiescence, a trustee or receiver is appointed for the Borrower or a substantial part of its property and is not discharged within sixty (60) days; or any bankruptcy, reorganization, debt arrangement or moratorium or any dissolution or liquidation proceeding is instituted by or against the Borrower and, if instituted against the Borrower, is consented to or acquiesced in by the Borrower or is not dismissed within twenty (20) days;

(4) As a result of any changes in the United States Constitution or the Oregon Constitution or as a result of any legislative, judicial, or administrative action, any part of this Loan Agreement becomes void, unenforceable or impossible to perform in accordance with the intent and purposes of the parties hereto or is declared unlawful;

(5) The Borrower defaults in the performance or observance of any covenants or agreements contained in any loan documents between itself and any lender or lenders, and the default remains uncured upon the expiration of any cure period provided by said loan documents; or

(6) The Borrower fails to cure non-compliance in any material respect with any other covenant, condition, or agreement of the Borrower hereunder, other than as set forth in (1) through (5) above within a period of thirty (30) days after DEQ provides notice of the noncompliance.

(B) REMEDIES. If DEQ determines that an Event of Default has occurred, DEQ may, without further notice:

(1) Declare the Outstanding Loan Amount plus any unpaid accrued interest, fees and any other amounts due hereunder immediately due and payable;

(2) Cease making disbursement of Loan proceeds or make some disbursements of Loan proceeds and withhold or refuse to make other disbursements;

(3) Appoint a receiver, at the Borrower's expense, to operate the Facility that produces the pledged revenues and collect the Gross Revenues

(4) Set and collect utility rates and charges;

(5) Pay, compromise or settle any liens on the Facility or the Project or pay other sums required to be paid by the Borrower in connection with the Project, at DEQ's discretion, using the Loan proceeds and such additional money as may be required. If DEQ pays any encumbrance, lien, claim, or demand, it shall be subrogated, to the extent of the amount of such payment, to all the rights, powers, privileges, and remedies of the holder of

the encumbrance, lien, claim, or demand, as the case may be. Any such subrogation rights shall be additional cumulative security for the amounts due under this Loan Agreement;

(6) Direct the State Treasurer to withhold any amounts otherwise due to the Borrower from the State of Oregon and, to the extent permitted by law, direct that such funds be applied to the amounts due DEQ under this Loan Agreement and be deposited into the SRF;

(7) Pursue any other legal or equitable remedy it may have.

ARTICLE 9: DEFINITIONS

(A) **"BORROWER"** means the public agency (as defined in ORS 468.423(2)) shown as the "Borrower" in Article 1(A) of this Agreement.

(B) **"COMPLETION DATE"** means the date on which the Project is completed. If the Project is a planning project, the Completion Date is the date on which DEQ accepts the planning project. If the Project is a design project, the Completion Date is the date on which the design project is ready for the contractor bid process. If the Project is a construction project, the Completion Date is the date on which the construction project is substantially complete and ready for Initiation of Operation.

(C) **"COSTS OF THE PROJECT"** means expenditures approved by DEQ that are necessary to construct the Project in compliance with DEQ's requirements and may include but are not limited to the following items:

(1) Cost of labor and materials and all costs the Borrower is required to pay under the terms of any contract for the design, acquisition, construction or installation of the Project;

(2) Engineering fees for the design and construction of the Project.

(3) The costs of surety bonds and insurance of all kinds that may be required or necessary during the course of completion of the Project;

(4) The legal, financing and administrative costs of obtaining the Loan and completing the Project; and

(5) Any other costs approved in writing by DEQ.

(D) **"CWSRF PROGRAM"** or **"CWSRF"** means the Clean Water State Revolving Fund Loan Program, a loan program administered by DEQ under ORS 468.423 to 468.440.

(E) **"DEQ"** means the Oregon Department of Environmental Quality.

(F) **"DIRECTOR"** means the Director of DEQ or the Director's authorized representative.

(G) **"FACILITY"** means all property owned or used by the Borrower to provide stormwater collection, treatment and disposal services, of which the Project is a part.

(H) **"FINAL LOAN AMOUNT"** means the total of all Loan proceeds disbursed to the Borrower under the Loan Agreement, determined on the date on which the Borrower indicates that no further Loan funds will be requested, all eligible expenditures have been reimbursed from the Loan proceeds, or all Loan proceeds have been disbursed hereunder, whichever occurs first.

(I) **"GROSS REVENUES"** shall have the meaning given in the Master Resolution.

(J) **"HAZARDOUS MATERIALS"** means and includes flammable explosives, radioactive materials, asbestos and substances defined as hazardous materials, hazardous substances or hazardous wastes in the Comprehensive Environmental Response, Compensation, and Liability Act, as amended by the Superfund Amendments and Reauthorization Act (42 U.S.C. Section 9601, et seq.), the Hazardous Materials Transportation Act (49 U.S.C. Section 1801, et seq.) and the Resource Conservation and Recovery Act (42 U.S.C. Section 6901, et seq.), and regulations promulgated thereunder.

(K) **"LOAN"** means the loan made pursuant to this Loan Agreement.

(L) **"LOAN AGREEMENT"** or **"AGREEMENT"** means this loan agreement and its exhibits, appendices, schedules and attachments (which are by this reference incorporated herein), and any amendments thereto.

(M) **"LOAN AMOUNT"** means the maximum amount DEQ agrees to loan the Borrower hereunder.

(N) **"LOAN RESERVE ACCOUNT"** means the account described in ARTICLE 5(c)(2).

(O) **"LOBBYING"** means influencing or attempting to influence a member, officer or employee of a governmental agency or legislature in connection with the awarding of a government contract, the making of a government grant or loan or the entering into of a cooperative agreement with such governmental entity or the extension, continuation, renewal, amendment or modification of any of the above.

(P) **"MANUAL"** means CWSRF Manual for Construction Projects.

(Q) **"MASTER RESOLUTION"** means the Master Stormwater Bond Resolution No. 1869, approved by the Borrower September 6, 1994, and any amendments to that resolution approved by the Borrower's city council.

(R) **"NET REVENUES"** means the Gross Revenues less the Operating Expenses for the Facility.

(S) **"OPERATING EXPENSES"** shall have the meaning given in the Master Resolution.

(T) **"OUTSTANDING LOAN AMOUNT"** means, as of any date, the sum of all disbursements to the Borrower hereunder less the sum of all Loan principal payments received by DEQ.

(U) **"PROJECT"** means the facilities, activities or documents described in ARTICLE 1(E) and (F).

(V) **"REPAYMENT PERIOD"** means the repayment period specified in ARTICLE 1(H) which shall not in any event exceed twenty (20) years after the Completion Date.

(W) **"SRF"** means the Water Pollution Control Revolving Fund established under ORS 468.427, also known as the State Revolving Fund.

(X) **"STATE"** means the State of Oregon.

ARTICLE 10: MISCELLANEOUS

(A) **NOTICES.** All notices, payments, statements, demands, requests or other communications under this Loan Agreement by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered by personal delivery, by certified mail, return receipt requested, or by facsimile transmission, and, if to the Borrower, delivered, addressed or transmitted to the location or number listed in ARTICLE 1(B), and if to DEQ, delivered, addressed or transmitted to:

Clean Water State Revolving Fund Loan Program
Water Quality Division
Department of Environmental Quality
811 S.W. Sixth Avenue
Portland, Oregon 97204-1390
Fax (503) 229-6037

or to such other addresses or numbers as the parties may from time to time designate. Any notice or other communication so addressed and mailed shall be deemed to be given five (5) days after mailing. Any notice or other communication delivered by facsimile shall be deemed to be given when receipt of the transmission is generated by the transmitting machine. To be effective against DEQ, such facsimile transmission must be confirmed by telephone notice to DEQ's CWSRF Program Coordinator. Any notice or other communication by personal delivery shall be deemed to be given when actually delivered.

(B) WAIVERS AND RESERVATION OF RIGHTS.

(1) DEQ's waiver of any breach by the Borrower of any term, covenant or condition of this Loan Agreement shall not operate as a waiver of any subsequent breach of the same or breach of any other term, covenant, or condition of this Loan Agreement. DEQ may pursue any of its remedies hereunder concurrently or consecutively without being deemed to have waived its right to pursue any other remedy.

(2) Nothing in this Loan Agreement affects DEQ's right to take remedial action, including, but not limited to, administrative enforcement action and action for breach of contract against the Borrower, if the Borrower fails to carry out its obligations under this Loan Agreement.

(C) **TIME IS OF THE ESSENCE.** The Borrower agrees that time is of the essence under this Loan Agreement.

(D) **RELATIONSHIP OF PARTIES.** The parties agree and acknowledge that their relationship is that of independent contracting parties, and neither party hereto shall be deemed an agent, partner, joint venturer or related entity of the other by reason of this Loan Agreement.

(E) **NO THIRD PARTY BENEFICIARIES.** DEQ and the Borrower are the only parties to this Loan Agreement and are the only parties entitled to enforce the terms of this Loan Agreement. Nothing in this Loan Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right not held by or made generally available to the public, whether directly, indirectly or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this Loan Agreement. Any inspections, audits, reports or other assurances done or obtained, or approvals or consents given, by DEQ are for its benefit only for the purposes of administering this Loan and the CWSRF Program.

(F) **ASSIGNMENT.** DEQ shall have the right to transfer the Loan or any part thereof, or assign any or all of its rights under this Loan Agreement, at any time after execution of this Loan Agreement upon written notice to the Borrower. Provisions of this Loan Agreement shall inure to the benefit of DEQ's successors and assigns. This Loan Agreement or any interest therein may be assigned or transferred by the Borrower only with DEQ's prior written approval (which consent may be withheld for any reason), and any assignment or transfer by the Borrower in contravention of this ARTICLE 10(F) shall be null and void.

(G) **DEQ NOT REQUIRED TO ACT.** Nothing contained in this Loan Agreement requires DEQ to incur any expense or to take any action hereunder in regards to the Project.

(H) **FURTHER ASSURANCES.** The Borrower and DEQ agree to execute and deliver any written instruments necessary to carry out any agreement, term, condition or assurance in this Loan Agreement whenever a party makes a reasonable request to the other party for such instruments.

(I) **VALIDITY AND SEVERABILITY; SURVIVAL.** If any part, term, or provision of this Loan Agreement or of any other Loan document shall be held by a court of competent jurisdiction to be void, voidable, or unenforceable by either party, the validity of the remaining portions, terms and provisions shall not be affected, and all such remaining portions, terms and provisions shall remain in full force and effect. Any provision of this Agreement which by its nature or terms is intended to survive termination, including but not limited to ARTICLE 5(E), shall survive termination of this Agreement.

(J) **NO CONSTRUCTION AGAINST DRAFTER.** Both parties acknowledge that they are each represented by and have sought the advice of counsel in connection with this Loan Agreement and the transactions contemplated hereby and have read and understand the terms of this Loan Agreement. The terms of this Loan Agreement shall not be construed against either party as the drafter hereof.

(K) **HEADINGS.** All headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Loan Agreement.

(L) ATTORNEYS' FEES AND EXPENSES. In any action or suit to enforce any right or remedy under this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs, to the extent permitted by law.

(M) LAWS GOVERNING; VENUE; JURISDICTION. This Agreement shall be governed by and construed in accordance with the laws of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, "Claim") between DEQ (and/or any other agency or department of the State of Oregon) and the Borrower that arises from or relates to this Agreement shall be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon; provided, however, if a Claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. In no event shall this ARTICLE 10(M) be construed as a waiver by the State of Oregon of any form of defense or immunity, whether it is sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the Constitution of the United States or otherwise, from any Claim or from the jurisdiction of any court. BORROWER, BY EXECUTION OF THIS AGREEMENT, HEREBY CONSENTS TO THE IN PERSONAM JURISDICTION OF SAID COURTS.

(N) COUNTERPARTS. This Loan Agreement may be executed in any number of counterparts, each of which is deemed to be an original, but all together constitute but one and the same instrument.

(O) ENTIRE AGREEMENT; AMENDMENTS. This Loan Agreement constitutes the entire agreement between the Borrower and DEQ on the subject matter hereof, and it shall be binding on the parties thereto when executed by all the parties and when all approvals required to be obtained by DEQ have been obtained. This Loan Agreement, including all related Loan documents and instruments, may not be amended, changed, modified, or altered without the written consent of the parties.

CITY OF GRESHAM

By: _____
Authorized Officer Date

Typed Name: _____

Title: _____

**STATE OF OREGON ACTING BY AND THROUGH ITS
DEPARTMENT OF ENVIRONMENTAL QUALITY**

By: _____
Neil Mullane, Water Quality Administrator Date

Approved as to Legal Sufficiency by
The Attorney General's Office _____
Lynn T.Nagasako, Senior AAG Date

APPENDIX A: REPAYMENT SCHEDULE

Due Date	Pmt#	----- PAYMENT -----				Principal Balance
		Principal	Interest	Fees	Total	
						5,000,000
2/1/2015	1	62,500	0	0	62,500	4,937,500
8/1/2015	2	62,500	0	24,688	87,188	4,875,000
2/1/2016	3	62,500	0	0	62,500	4,812,500
8/1/2016	4	62,500	0	24,063	86,563	4,750,000
2/1/2017	5	62,500	0	0	62,500	4,687,500
8/1/2017	6	62,500	0	23,438	85,938	4,625,000
2/1/2018	7	62,500	0	0	62,500	4,562,500
8/1/2018	8	62,500	0	22,813	85,313	4,500,000
2/1/2019	9	62,500	0	0	62,500	4,437,500
8/1/2019	10	62,500	0	22,188	84,688	4,375,000
2/1/2020	11	145,833	0	0	145,833	4,229,167
8/1/2020	12	145,833	0	21,146	166,979	4,083,334
2/1/2021	13	145,833	0	0	145,833	3,937,501
8/1/2021	14	145,833	0	19,688	165,521	3,791,668
2/1/2022	15	145,833	0	0	145,833	3,645,835
8/1/2022	16	145,833	0	18,229	164,062	3,500,002
2/1/2023	17	145,833	0	0	145,833	3,354,169
8/1/2023	18	145,833	0	16,771	162,604	3,208,336
2/1/2024	19	145,833	0	0	145,833	3,062,503
8/1/2024	20	145,833	0	15,313	161,146	2,916,670
2/1/2025	21	145,833	0	0	145,833	2,770,837
8/1/2025	22	145,833	0	13,854	159,687	2,625,004
2/1/2026	23	145,833	0	0	145,833	2,479,171
8/1/2026	24	145,833	0	12,396	158,229	2,333,338
2/1/2027	25	145,833	0	0	145,833	2,187,505
8/1/2027	26	145,833	0	10,938	156,771	2,041,672
2/1/2028	27	145,833	0	0	145,833	1,895,839
8/1/2028	28	145,833	0	9,479	155,312	1,750,006
2/1/2029	29	145,833	0	0	145,833	1,604,173
8/1/2029	30	145,833	0	8,021	153,854	1,458,340
2/1/2030	31	145,833	0	0	145,833	1,312,507
8/1/2030	32	145,833	0	6,563	152,396	1,166,674
2/1/2031	33	145,833	0	0	145,833	1,020,841
8/1/2031	34	145,833	0	5,104	150,937	875,008
2/1/2032	35	145,833	0	0	145,833	729,175
8/1/2032	36	145,833	0	3,646	149,479	583,342
2/1/2033	37	145,833	0	0	145,833	437,509
8/1/2033	38	145,833	0	2,188	148,021	291,676
2/1/2034	39	145,833	0	0	145,833	145,843
8/1/2034	40	145,843	0	729	146,572	0

TOTALS 5,000,000 0 281,255 5,281,255

REQUIRED LOAN RESERVE: \$ 62,500

APPENDIX B: ESTIMATED CWSRF LOAN DISBURSEMENT SCHEDULE

Loan funds are expected to be available based on the following Project schedule:

1/10 – 3/10: \$ 625,000
4/10 – 6/10: \$ 625,000
7/10 – 9/10: \$ 625,000
10/10 – 12/10: \$ 625,000
1/11 – 3/11: \$ 625,000
4/11 – 6/11: \$ 625,000
7/11 – 9/11: \$ 625,000
10/11 – 12/11: \$ 625,000

APPENDIX C: DBE GOOD FAITH EFFORT

At a minimum a recipient or prime contractor must make a good faith effort to utilize minority (MBE), women-owned (WBE) and small (SBE) businesses. The six steps are:

- 1) The bidder includes qualified small, minority and women's businesses on solicitation lists;
- 2) The bidder assures that small, minority, women's businesses are solicited whenever they are potential sources;
- 3) The bidder divides total requirements, whenever economically feasible, into smaller tasks or quantities to permit maximum participation by small, minority or women's businesses;
- 4) The bidder establishes delivery schedules whenever the requirements of the work permit, which will encourage participation by small, minority and women's businesses;
- 5) The bidder uses the services and assistance of the Small Business Administration (<http://pro-net.sba.gov>) and the Minority Business Development Agency of the U.S. Department of Commerce (<http://www.mbda.gov>) to identify appropriate small, minority and women businesses; and
- 6) If the bidder awards contracts/procurements, the bidder will require the subcontractors to take all of the affirmative action steps described above. (*40 CFR Section 35.3145(d)*)

Forms for documenting compliance with these requirements may be found at Tab 6 of the Manual for Construction Projects. Please note that these requirements apply to any procurement of construction, supplies, equipment or services.

Additional resources available to recipients and contractors include the following:

EPA Office of Small and Disadvantaged Business Utilization:

Phone: 206 – 553 – 2931

Web Site: www.epa.gov/osdbu

Oregon Office of Minority, Women and Emerging Small Business

350 Winter Street N.E., Room 300

Salem, OR 97301-3878

Phone: 503 – 947 – 7922

Web Site: www.cbs.state.or.us/omwesb

APPENDIX D: APPLICABLE FEDERAL AUTHORITIES AND LAWS (“CROSS-CUTTERS”)

ENVIRONMENTAL LEGISLATION:

Archaeological and Historic Preservation Act of 1974, PL 93-291.
Clean Air Act, 42 U.S.C. 7506(c).
Coastal Barrier Resources Act, 16 U.S.C. 3501, et seq.
Coastal Zone Management Act of 1972, PL 92-583, as amended.
Endangered Species Act 16 U.S.C. 1531, et seq.
Executive Order 11593, Protection and Enhancement of the Cultural Environment.
Executive Order 11988, Floodplain Management.
Executive Order 11990, Protection of Wetlands.
Farmland Protection Policy Act, 7 U.S.C. 4201, et seq.
Fish and Wildlife Coordination Act, PL 85-624, as amended.
National Historic Preservation Act of 1966, PL 89-665, as amended.
Safe Drinking Water Act, Section 1424(e), PL 92-523, as amended.
Wild and Scenic Rivers Act, PL 90-542, as amended.
Federal Water Pollution Control Act Amendments of 1972, PL 92-500.

ECONOMIC LEGISLATION:

Demonstration Cities and Metropolitan Development Act of 1966, PL 89-754, as amended.
Section 306 of the Clean Air Act and Section 508 of the Clean Water Act, including
Executive Order 11738, Administration of the Clean Air Act and the Federal Water
Pollution Control Act with Respect to Federal Contracts, Grants or Loans.

SOCIAL LEGISLATION:

The Age Discrimination Act of 1975, Pub. L. No. 94-135, 89 Stat. 713, 42 U.S.C. §6102 (1994).
Civil Rights Act of 1964, Pub. L. No. 88-352, 78 Stat. 252, 42 U.S.C. §2000d (1988).
Section 13 of PL 92-500; Prohibition against Sex Discrimination under the Federal Water Pollution
Control Act.
Rehabilitation Act of 1973, Pub. L. No. 93-1123, 87 Stat. 355, 29 U.S.C. §794 (1988), including
Executive Orders 11914 and 11250).
Executive Order 12898, Environmental Justice in Minority Populations

MISCELLANEOUS AUTHORITY:

Uniform Relocation and Real Property Acquisition Policies Act of 1970, PL 92-646.
Executive Order 12549 and 40 CFR Part 32, Debarment and Suspension.
Disclosure of Lobbying Activities, Section 1352, Title 31, U.S. Code.



GRESHAM CITY COUNCIL

AGENDA ITEM TYPE: DECISION

Resolution No. 3003 Updating Stormwater Utility Rates

Meeting Date: February 16, 2010
Service Area: Environmental Services

Agenda Item Number: E-2
Service Area Manager: David S. Rouse

REQUESTED COUNCIL ACTION

Move to approve Resolution 3003 amending Resolution 2759 establishing Stormwater fees and charges and repealing Resolution 2935.

PUBLIC PURPOSE AND COMMUNITY OUTCOME

The Stormwater Utility provides key services which are vital to the livability of our community. These include flood protection, water quality and habitat monitoring and improvement, and operations and maintenance of catch basins, drainage pipes, drywells, and numerous regional and local detention and water quality treatment facilities designed to handle an estimated 4.3 billion gallons of runoff each year.

Rates are the primary revenue source for providing these utility services. The goal is to find a balance that leads to long-term sustainability of quality services as well as affordability for our customers both now and into the future.

City policy is to maintain infrastructure at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.

BACKGROUND

Stormwater rates are reviewed on an annual basis. Utility operating needs, including projected revenues and expenditures, are evaluated over a 20-year horizon using long-term rate models. Stormwater rates pay for the operation and maintenance of the stormwater system, compliance with regulatory requirements, including the National Pollutant Discharge Elimination System permit, infrastructure repair and replacement, capital improvements, natural resources management, and debt service requirements.

The Stormwater Utility must be financially sustainable in order to continue providing services to current and future Gresham citizens. Based on current finance plan review and modeling, the Stormwater rates are projected to increase on January 1, 2011 by \$0.60 per month for a typical residential customer. As explained below, this proposal also includes an increase on January 1, 2012 of an additional \$0.64 per month for a typical residential customer.

Primary factors influencing the proposed Stormwater rate increase include regulatory requirements, maintenance needs, capital projects and debt payment requirements.

Of immediate need, the City has an opportunity to utilize a \$5 million dollar, zero percent interest State Revolving Fund (SRF) loan. This loan would fund required stormwater sump and drywell replacement work that is not funded by the current rates. Use of the SRF loan

would provide significant benefits to our citizens by allowing compliance with regulatory requirements while limiting the impact to ratepayers.

A rate adjustment should be adopted concurrent with award of the loan agreement in order to ensure repayment is feasible. Without rate adjustments, the Stormwater utility does not have an adequate cash flow to meet the additional debt payments after paying for ongoing utility operations and maintenance activities, regulatory requirements, and needed capital investments. Given the existing uncertainties with the long-term debt markets and bond ratings, a two year proposal will provide additional security and ensure that rating agencies continue to view the Stormwater Utility favorably.

Revenues collected through rates must cover the cost of operating and maintaining the utility systems today, as well as the cost of replacing those systems in the future as the existing infrastructure wears out. Without charging rates, these utility services could not be provided.

RECOMMENDATION AND ALTERNATIVES

1. Staff recommends approval of the Stormwater rates as proposed in Resolution 3003.
2. Council may choose to adopt a modified proposal or defer action on the existing proposal. Deferring rate increases or adopting a partial increase may impact maintenance and operation of the Stormwater Utility and may defer or eliminate needed capital improvements.
3. Council may choose not to adopt an increase at this time. Forgoing rate increases will likely impact maintenance and operation of the Stormwater Utility and will defer or eliminate needed capital improvements. These actions may impact bond ratings and could increase the likelihood of being out of compliance with regulatory requirements which could result in fines and/or other penalties.

BUDGET / FINANCIAL IMPACT

The proposed rate increase will generate additional revenue which is needed to support ongoing operation and capital expenses, existing debt obligations, and newly proposed installment debt. A 1% increase to the Stormwater rate results in approximately \$60,000 per year in additional revenue for the Stormwater Utility. The associated impact to a typical single family residence for a 1% increase is less than 9 cents per month.

PUBLIC INVOLVEMENT

All rate adjustments are adopted by Council resolution. Primary factors influencing proposed stormwater rates are typically discussed during the budget committee process and the Capital Improvement Program adoption process. Utility rates were also discussed at the February 9, 2010 Policy Development Meeting.

NEXT STEPS

The rate adjustments will be incorporated into utility bills beginning January 1, 2011. Customer notification will occur prior to that date.

ATTACHMENTS

- A. Resolution 3003
 - B. 2010 Stormwater Finance Information
-

FROM:

David S. Rouse, Environmental Services Director
Steve Fancher, Watershed Division Manager
Sharron Monohon, Senior Management Analyst

REVIEWED THROUGH:

Deborah Bond, Finance and Management Services Director
David Ris, City Attorney
Erik Kvarsten, City Manager

FOR MORE INFORMATION

Staff Contact:	Steve Fancher
Telephone:	(503) 618-2583
Staff E-Mail:	steve.fancher@greshamoregon.gov
Website:	www.greshamoregon.gov

RESOLUTION NO. 3003

A RESOLUTION AMENDING RESOLUTION NO. 2759 ESTABLISHING FEES AND CHARGES FOR CHAPTER 3, LOCAL IMPROVEMENT DISTRICTS AND STORMWATER, OF THE GRESHAM REVISED CODE AND REPEALING RESOLUTION NO. 2935

The City of Gresham Finds:

Chapter 3, Local Improvement Districts and Stormwater, of the Gresham Revised Code provides that the council shall establish certain fees and charges by resolution.

THE CITY OF GRESHAM RESOLVES:

Section 1. The fees and charges for Chapter 3, Local Improvement Districts and Stormwater, of the Gresham Revised Code are established by Resolution No. 2759, and amended by Resolution Nos. 2778, 2832, 2847, 2892, and 2935. Resolution No. 2759 is further amended as follows:

* * * * *

E. Stormwater User Charges. GRC 3.60.015:

Drainage Residential Unit (DRU): (One DRU equals 2,500 square feet of impervious surface.)

	Current	Effective for Service Period Ending On or After 01/01/11	Effective for Service Period Ending On or After 01/01/12
Monthly User Charge per DRU	\$8.60	\$9.20	\$9.84

* * * * *

Section 2. The fees in this resolution are not subject to indexing.

Section 3. The fees in this resolution are not subject to technology fees.

Section 4. Resolution No. 2935 is hereby repealed.

Yes: _____

No: _____

Absent: _____

Abstain: _____

Passed by the Gresham City Council and effective on _____.

City Manager

Mayor

Approved as to Form:

Senior Assistant City Attorney

2010 Stormwater Finance Information

What is the purpose of the Stormwater Utility?

The City of Gresham experiences an average annual rainfall of 39 inches a year. This is approximately 4.3 billion gallons of stormwater runoff annually. The stormwater utility manages a system of both built and natural drainage ways that control stormwater flows and prevent flooding. Unlike the wastewater system, there is no treatment plant for addressing the water quality of stormwater runoff. All stormwater runoff ultimately discharges to local natural systems including streams, rivers, ponds, wetlands, and to the ground eventually becoming a groundwater resource. The primary receiving waters in Gresham are Johnson Creek, Fairview Creek, Kelly/Burlingame Creeks, the Columbia Slough, constructed and natural wetlands, and our groundwater supply.

The Stormwater Program's primary goals are to promote and maintain the health and safety of the environment for all Gresham citizens through effective stormwater management including: planning, designing, constructing, and maintaining all elements of the public stormwater system. The Stormwater Program also works with private property owners to promote good management of private runoff. These goals support the Council's desire to provide effective management of city services and sustainable economic growth. The program works to minimize potential property damages that can result from flooding through effective maintenance of existing systems and construction of major regional flood control facilities. In addition, the program seeks to limit the City's environmental liability with effective management and compliance with relevant State and Federal regulations.

Why can't we just let the water run downhill?

As an area becomes more urbanized, there is typically an increased amount of impervious surface area such as roadways, sidewalks, driveways, and rooftops. Stormwater runoff patterns from these impervious areas are much different than what occurs in undeveloped natural areas, because the water is not allowed to slowly percolate into the ground. As a result, the runoff must be handled appropriately in order to avoid risk of flooding and other property damage. Integrated systems, including features such as pipes, swales, and detention ponds, allow this runoff to be managed effectively. Coincidentally, the more effective the stormwater system is at managing runoff and preventing flooding, the less evident it becomes that the system is necessary, since flooding no longer appears to be a problem.

Regulatory Drivers

The Stormwater Utility is structured to meet several state and federal regulations, including the Clean Water Act and the Safe Drinking Water Act. The Clean Water Act regulates the release of stormwater into surface waters through the National Pollution Discharge Elimination System – Municipal Stormwater, or NPDES MS4, permit. The Safe Drinking Water Act regulates the release of stormwater into ground waters through the Underground Injection Control, or UIC, permit. Both permits are administered by the Oregon Department of Environmental Quality (DEQ) and require annual monitoring, reporting, and many best management practices (BMPs) to demonstrate program effectiveness.

In addition to these permits for stormwater discharge, the City is required to develop specific plans to reduce pollutants in waterways to eventually meet specified limits for state-listed pollutants of concern (303d list). These are waterways with Total Maximum Daily Loads (TMDLs) designated to them by the state, such as bacteria, toxics, and temperature.

What components make up the Stormwater system?

The Stormwater system includes a total of approximately 220 miles of drainage pipes, 6,000 catch basins, 2,600 manholes, 1,100 drywells, 600 discharge outfalls, 15 miles of roadside drainage ditch, and 12 miles of streams. In addition, there are three regional detention ponds for flood protection, one regional water quality treatment pond, 32 local open detention ponds, 137 local underground detention pipes, 150 sedimentation manholes, 80 proprietary water quality facilities, 8 acres of constructed wetland, numerous natural wetlands, and 60+ acres of natural resources preservation area.

The current fixed asset value of the Stormwater utility is in excess of \$54.0 million.

What activities are necessary in order to provide Stormwater services?

Some of the primary program activities include:

- Operation and maintenance of the public stormwater system, including storm lines, catch basins, ditches, sumps, and detention ponds cleaning and maintenance.
- Monitoring of water quality and improvement to water quality through public education, erosion control inspections, business inspections, elimination of illicit discharges and illegal connection to the stormwater system.
- Development and implementation of capital improvement projects and planning and design of the stormwater system in accordance with master plans and federal, state and local guidelines and mandates, including flood protection.
- Inspection oversight for public improvement and capital improvement projects and ensuring that public improvements are constructed according to Council adopted Public Works Standards.
- Managing the overall Stormwater Program in a cohesive manner in order to maximize benefits while minimizing potential liability. In particular, focus on projects that achieve multiple objectives including flood control, water quality improvements, and required habitat protection or improvement.

These activities are coordinated to enhance both the built and natural portions of the City's stormwater system, in order to ensure the maximum benefit of the services these systems provide at the lowest possible operating costs. Without these actions, the City will not be able to maintain compliance with regulatory requirements. Failure to meet these regulatory requirements would increase the City's exposure to fines or lawsuits. The likely result would be additional regulatory oversight and larger future increases in stormwater utility and other City costs.

Why do we charge Stormwater utility rates?

Stormwater utility customers are billed on a bi-monthly basis. The revenues that the City receives from stormwater customers provide the primary funding source for the Stormwater Utility. These payments must cover the cost of operating and maintaining the stormwater system today as well as the cost of replacing the system in the future as the existing infrastructure wears out. Without charging rates, these utility services would not be provided. The utility does not receive any property tax or other General Fund related revenue.

The Stormwater Utility is managed as a business, and its finances are accounted for as an enterprise fund. That means the utility rates are to be used only to pay for costs associated with providing stormwater services. It also means that the fund (i.e., the Stormwater Utility) must be financially sustainable in order to continue providing services to future citizens of the City of Gresham.

Does the Stormwater Utility receive money from any funding sources other than rates?

The Stormwater Fund receives some money from other funding sources, which have been designed to recover the cost of certain specific activities. These revenues provide a small portion of the fund's total revenues. These other funding sources include interest earnings, and fees and charges for engineering or erosion control inspection services. In addition, system development charges provide funds to pay for the planning, design, and construction of growth-related capital facilities needed to serve new customers.

Where possible and practical, the Stormwater Program seeks to acquire outside funding through sources such as grants, donations, and volunteer labor, however, the availability and usefulness of these sources are typically limited to a few very specific projects.

What factors are considered when proposing rate increases?

Many competing and interconnected needs and interests must be considered when planning for long-term utility operations. The goal is to find a balance that leads to long-term sustainability of quality services as well as affordability for our customers both now and into the future. Some examples of the issues that must be balanced are described below:

- Capital investments versus operating expenses – Investing in equipment and/or facility upgrades may require a sizable one-time outlay of dollars, but may result in future cost savings by improving work processes or system functionality.
- Current versus future costs – Deferral of some preventive maintenance activities may reduce costs in the short-term. In the long-term, however, deferred maintenance may speed up the need for replacement of facilities, increase the cost of repairs, and/or result in property damages. As a result, short-term savings may not be sustainable, and may end up costing customers more.
- Bond coverage rating and the ability to incur debt – Utilities often incur debt in order to replace or construct new infrastructure projects. Establishing rates sufficient to maintain a healthy financial outlook will improve a utility's bond coverage rating, and as a result, will improve the interest rates charged on any debt that is incurred.
- Future replacement of infrastructure – Funds should be set aside on an on-going basis to assist in replacing infrastructure many years into the future. A balance needs to be established regarding how these charges are attributed to current and future customers.

How often are rates reviewed?

Rates are reviewed on an annual basis to ensure that sufficient revenues will be collected to support the operating budget and capital improvement program as proposed. This review is done using a 20-year finance plan/rate model that helps to evaluate projected revenue and expenditure requirements into the future. This finance plan assists in determining the appropriate balance among the competing needs as outlined in the answer to the question above.

In addition to the annual review focusing on revenue needs, the structure of the rates is reviewed periodically – typically about once every ten years. The rate structure is the methodology by which charges are allocated to various customer classes, and eventually to individual customers based on defined usage characteristics. For stormwater, the rate structure is currently based on a property's amount of impervious surface area (e.g., driveways, sidewalks, rooftops, etc.). This rate structure has been in place since the program was established in the early 1990's.

How is the rate increase applied?

Typically, the rate increase is applied evenly to all rate components and customer classes. That is, the same percent increase would be attributed to a single-family residential customer, to a multi-family customer, to an industrial customer, and to a commercial customer.

Are there any specific guiding principles and/or Council policies that are used in setting rates?

Numerous guidelines, policies, and principles are used when developing rate proposals. Some of the specific principles and policies that have been previously adopted and/or recommended by Council include:

- *Principle 1:* The cost of operating and maintaining the existing system is to be borne by current ratepayers and reflected in current utility rates and charges;
- *Principle 2:* The cost of replacing the existing system over time is to be borne by current ratepayers and reflected in current utility rates and charges; and,
- *Principle 3:* Growth-related projects are funded from System Development Charges (SDCs), bond proceeds, and special fees.
- *General Policy – A2:* ... Funding for the Operating and Capital Budgets shall be sufficient to provide municipal operating services and maintenance or enhancement of fixed assets needed to support public demand for City services.
- *General Policy – A12:* The City's Water Utility, Sanitary Sewer Utility, and Stormwater Utility are enterprise funds that are considered to be closed funds. The revenue sources of utility funds are dedicated to pay for costs associated with providing the utility's purpose and may not be used in a way that does not qualify as an expense in support of the utility's function.
- *Revenue Policy – C4:* The City will establish internal and external charges for service that reflect the full cost of service delivery and fully support both direct and indirect charges. ... The following programs will strive to stay self-sufficient: ... (4) Water, (5) Sewer, and (6) Stormwater.
- *Budget Policy – D7:* The city will maintain its infrastructure at a level adequate to protect the City's capital investment and to minimize future maintenance and replacement costs.

How does the proposed rate increase compare to the rate of inflation? Shouldn't it be similar?

There are several reasons why utility rates typically don't follow the rate of inflation. Examples include:

- Significant increases in the cost of 'big-ticket' items – Some specific items represent a disproportionate share of the cost of utility operations. Examples related to stormwater include the cost of water quality monitoring and the cost of treatment supplies such as filters. Each of these 'big-ticket' items has significantly increased in cost during the past few years. Because of the size of these items and the large increase in cost, these items impact utility operations more than the standard rate of inflation.
- New regulatory requirements – Inflation rates reflect the increased cost of providing the same service or product from one year to the next. Responding to new or increased regulations, however, may require additional work in order to provide the same basic services. As a result, additional costs are likely to be incurred (over and above the rate of inflation) in order to comply with new or changing regulatory requirements.

- Deferred maintenance and other future capital replacement needs – If funds are not set aside on an on-going basis to adequately maintain and replace infrastructure, future costs can be expected to increase significantly once that infrastructure is in need of replacement.
- Capital projects – Large transportation projects such as Kane Road and Powell Boulevard improvements have included significant stormwater components. Funding for these projects required significant investments from stormwater rate revenues.

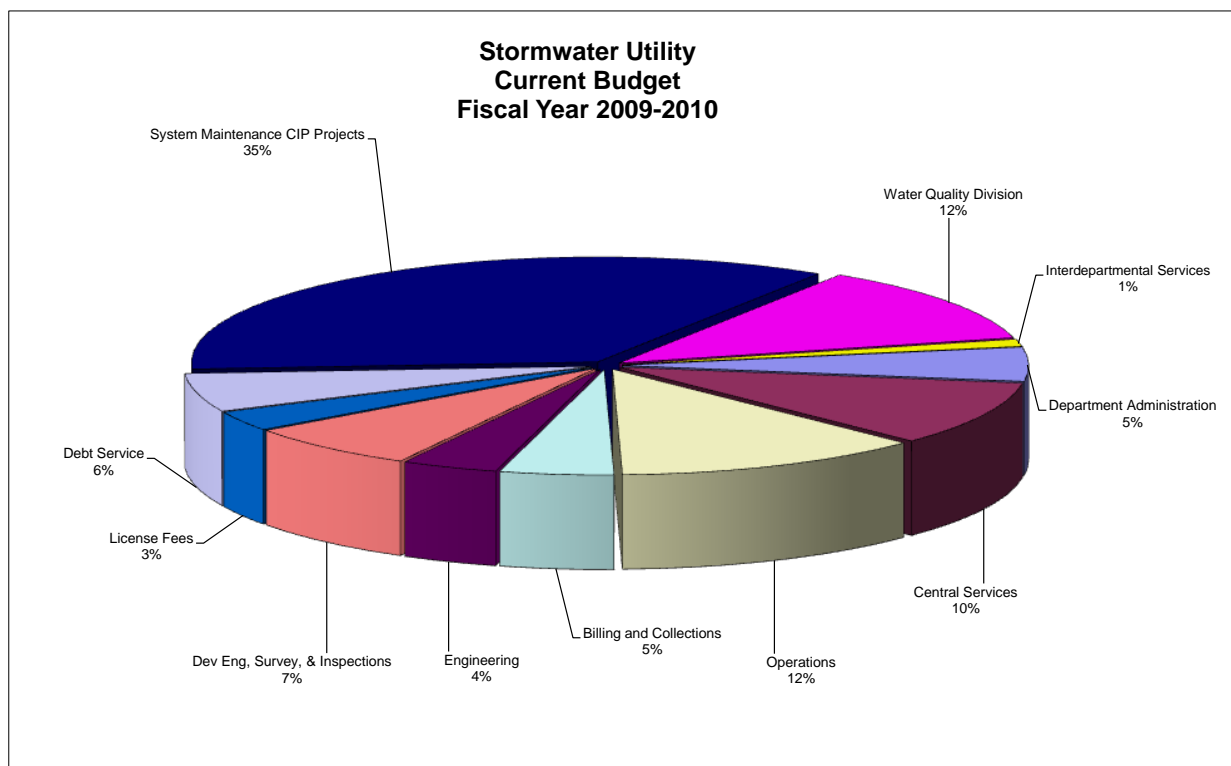
What factors contribute to the need for this rate increase?

Rates are impacted by many factors both short term and long term. Primary factors in this proposal include:

- Compliance with new regulatory permit requirements for the built and natural portions of the stormwater system and drywells.
- Construction of capital projects to comply with the City's pending UIC permit from DEQ. For example, the UIC Implementation Project is estimated to cost \$6.3M over the next 5 years.
- Preparing for future system replacement needs. Even though the fixed asset value of the Stormwater infrastructure is in excess of \$54M, very little funding has been set aside for any future replacement of these facilities.

Where does the money go?

The chart shown below shows the breakout of major cost categories for FY09/10.



The largest expenses for the Stormwater Utility are related to water quality, which includes regulatory compliance activities, as well as the majority of the capital maintenance projects. Stormwater system operations and maintenance activities also comprise a significant part of the Stormwater budget. Internal support functions such as information technology services, property management, vehicle maintenance, and legal support are included in the central services category. Debt service goes toward the repayment of bonds previously issued for capital construction.

What actions has the Stormwater Program taken to minimize the need for rate increases?

The City's Stormwater/Watershed Management Program seeks to provide stormwater and natural resource services that are reliable, efficient, and affordable. Some examples of actions taken recently to reduce costs and/or enhance services without increasing costs include:

- Applied for \$5M in Special Reserve funding through the Oregon DEQ to upgrade the City's drywells to meet pending UIC permit requirements. Special Reserve funding includes zero-percent interest and favorable payback terms.
- Initiated a collaborative partnership with other local municipalities to reduce costs associated with permit negotiation, planning, and potentially, future monitoring.
- Developed a *Green Development Practices Manual* to allow and promote the use of new and less costly stormwater treatment facilities such as Green Streets, rain gardens, planters, and tree planting. This will reduce the reliance on more costly-to-maintain proprietary Stormfilter™ vault systems.
- Finalized a \$2 million land donation from Boeing and created a constructed wetland for regional stormwater treatment in the West Gresham Drainage Basin.
- Completed the Stormwater Maintenance Manual in April 2006 to evaluate resource allocation and asset management strategies to ensure the long term maintenance, performance and life expectancy of the stormwater infrastructure to protect the city's investment.
- Implemented a GIS-based computer documentation system for Operations field crews to track data rather than relying on less efficient paper processes. This will also allow quick querying of data to determine an optimal schedule for pipe inspection and cleaning.
- Partnered with Metro via IGA to leverage the budget to implement a "Healthy Lawns" technical assistance project for homeowners and received a \$21,000 DEQ grant for project support.
- Received a \$50,000 grant from DEQ and Metro to pay for a dedicated Envirocorps team to implement streamside restoration projects and to continue work on the Streamside Property Outreach Project.
- Utilized AmeriCorps volunteer crews to implement streamside revegetation projects in a cost-effective way.
- Partnered with six public agencies via IGA to participate in the Regional Coalition for Clean Rivers and Streams to deliver cost-effective multi-media public education advertising campaigns. Also partnered with 10 local agencies to create and deliver public service announcements through KOIN TV.
- Implemented a program for long-term (5-year) stewardship partnerships with area schools: Gresham High School, Springwater Trail High School, Centennial Learning Center, Reynolds Learning Academy, and Hollydale Elementary to restore sections of riparian open space. Also partnered with local watershed councils to enhance public and K-8 outreach programs and natural resource restoration projects in order to leverage city staff and budget.

Are there utility needs that are not being addressed with these rates?

There are numerous program needs that have not been included in this proposed rate. Unaddressed program needs include items waiting for further information or analysis before a course of action is determined, potential issues that may or may not become specific requirements, and identified needs that are simply being deferred. Funding for these items is not included in the current operating budget, the five-year Capital Improvement Program, or in this rate proposal. Some of these unaddressed program needs include:

- Projects needed to address certain new requirements expected to be included in Gresham's upcoming NPDES permit renewal. These requirements likely include a city-wide retrofit analysis, enhanced stormwater monitoring, and private stormwater management facility inspection program. Purchase of TV inspection equipment and implementation of a complete citywide pipeline condition assessment and subsequent Asset Management program.
- Purchase of stream corridors (from willing sellers) for water quality and flood protection, and an aggressive program to stabilize stream banks.
- Consistency with industry standards regarding pipeline cleaning (i.e., increase frequency from a 10-year cycle to a 5-year cycle).
- Planning, design, and construction of infrastructure to serve the Pleasant Valley and Springwater areas.
- An aggressive riparian corridor tree planting program to comply with new Temperature Total Maximum Daily Load (TMDL) regulatory requirements, as well as resources to support the City's urban canopy protection and enhancement goals.
- Resources to proactively research and apply for grant opportunities related to natural resources or stormwater management projects.
- Oversight and enforcement of operations and maintenance related to private stormwater management facilities such as subdivision ponds.
- Identification and implementation of projects to further reduce the levels of pollutants in stormwater that drains to streams to show progress toward meeting DEQ standards.
- Resources to help the City establish a more comprehensive sustainable building program, as well as internal sustainability goals.

Can't we defer any other projects or reduce expenditures in order to avoid this rate increase?

Any additional deferral of projects and/or expenditures is not likely to result in sustainable cost savings. Instead, these actions would likely result in increases to the future costs of operating and maintaining the Stormwater system.

- Reduction in maintenance activities would result in additional deferred maintenance costs, reduced life expectancy for the existing infrastructure, and reduced water quality for stormwater runoff. Any of these outcomes would significantly increase future costs.
- Any further reduction of activities related to permit compliance would increase the probability for enforcement actions from either the Department of Environmental Quality or the Environmental Protection Agency. As it is, efforts toward permit-related activities are only at minimal level.
- Public outreach and education measures, which are required under certain permit conditions, are also intended to garner grassroots support and seek behavior changes from the public to improve runoff water quality. Reduced efforts would limit success of these goals and potentially result in more costly solutions being required such as treatment plants for stormwater runoff.

- Reducing funding for capital improvement projects would add to the unfunded project list, which already includes projects totaling over \$30 million. Increasing this list would detract from healthy economic growth, defer needed maintenance, and delay improvements necessary for effective water quality and stormwater runoff management.

What will happen if the proposed rate increase isn't approved?

Some planned maintenance activities and/or regulatory compliance measures would be reduced or deferred. However, as explained above, any potential cost savings from these deferrals are short-term in nature, and not sustainable. Based on sound utility management practices, the potential for short-term savings is insufficient to offset the likelihood of increased future costs due to noncompliance with regulations, system failures, and/or exposure to fines or lawsuits.

What does the increase mean for a typical residential utility bill?

Applying the proposed increase to the Stormwater portion of the utility bill will result in a \$0.60 per month increase to an average residential customer as of January 2011, and an additional \$0.64 per month as of January 2012.

Does the City offer any customer assistance programs?

The City does have a Utility Customer Assistance Program in place that provides limited emergency funds to pay the utility bill for a customer experiencing financial hardship. If qualified, the customer would receive assistance for one utility bill (covering two months of service) one time per year. This program has provided full or partial assistance to approximately 200 customers per year since its inception in FY94/95.

How do Gresham's rates compare to other area jurisdictions?

Rate structures are somewhat unique to an individual service provider due to factors such as the physical make-up of the utility system, the actual services provided, and the customer base and usage patterns.

It should be noted that jurisdictions of different sizes are currently subject to significantly different levels of regulatory requirements. Areas with larger populations, such as Portland, Gresham, Salem and Eugene are required to implement a **much** more rigorous program of water quality monitoring, public education, best management practice development, and compliance reporting related to their NPDES permits. Gresham's Stormwater Fee compares favorably to Portland's fee of \$19.80 per month and Eugene's fee of \$9.82 per month. Salem is currently in the process of establishing a separate Stormwater Fee, likely between \$8 and \$10 per month.

GRESHAM CITY COUNCIL

AGENDA ITEM TYPE: GUIDANCE AND POLICY DIRECTION



2010 Regional/Multnomah County Issues Agenda

Meeting Date: February 16, 2010
Service Area: Government Relations

Agenda Item Number: E-3
Service Area Manager: Ron Papsdorf

REQUESTED COUNCIL ACTION

Review and discuss the proposed 2010 Agenda and provide feedback and direction to staff.

PUBLIC PURPOSE AND COMMUNITY OUTCOME

It is in the City's interest to coordinate its efforts around significant regional intergovernmental issues. An adopted Regional/Multnomah County Issues Agenda that identifies principles and desired outcomes will help effectively guide the City's involvement with other regional partners and agencies.

BACKGROUND

This is a 2010 Council Work Plan item. Staff is presenting the draft agenda for Council review and discussion prior to bringing the agenda forward for adoption. The proposed agenda is in addition to other discrete 2009 Council Work Plan items that have significant intergovernmental aspects, such as the Downtown Plan Implementation and Transportation System Plan projects. However, the agenda has been developed within that broader context of intergovernmental issues and objectives.

The Draft 2010 Regional/Multnomah County Issues Agenda includes the Metro New Look planning initiatives, regional and local public safety initiatives, transportation initiatives, and neighbor city land use and development issues.

RECOMMENDATION AND ALTERNATIVES

N/A

BUDGET / FINANCIAL IMPACT

None

PUBLIC INVOLVEMENT

Staff will coordinate the City's adopted priorities and advocacy efforts with other interest groups as appropriate through meeting presentations, email notifications, and discussion. Groups may include the Gresham Area Chamber of Commerce, East Metro Economic Alliance, Neighborhood Coalition, etc.

NEXT STEPS

4/6/10	Council consideration for adoption
6/8/10	Mid-year update to Council
9/14/10	Council update on Regional/Multnomah County Issues
December 2009	Mayor and Council briefings to review and identify possible Regional/Multnomah County Issues for 2011

ATTACHMENTS

A. Draft 2010 Regional/Multnomah County Issues Agenda

FROM:

Ron Papsdorf, Government Relations Manager

REVIEWED THROUGH:

Office of Governance and Management

FOR MORE INFORMATION

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Gresham City Council

2010 Regional/Multnomah County Issues Agenda

February 2010

City of Gresham
1333 NW Eastman Parkway
Gresham, Oregon 97030
www.ci.gresham.or.us



ABOUT GRESHAM

The City of Gresham is the fourth largest city in Oregon and the second largest in the Portland metropolitan area. Gresham has a diverse population of over 100,000 that is made up of long time residents, young professionals, families, and new immigrant communities. Over the last twenty years, Gresham has experienced rapid growth and transformed from a rural, farming community to a burgeoning urban area that provides a high quality of life for its residents and business community.

The City has taken a visionary land-use direction by creating three exciting neighborhood districts along the MAX light rail line. These districts offer unique opportunities for urban development and redevelopment. The City is working hard to implement two significant urban growth boundary expansion areas that will include vibrant new urban neighborhoods and critical industrial and employment development for the City, region, and state.

The City takes a proactive, creative, and assertive approach to identify ways to improve the quality of life for our citizens and the image of our community.

Gresham City Council

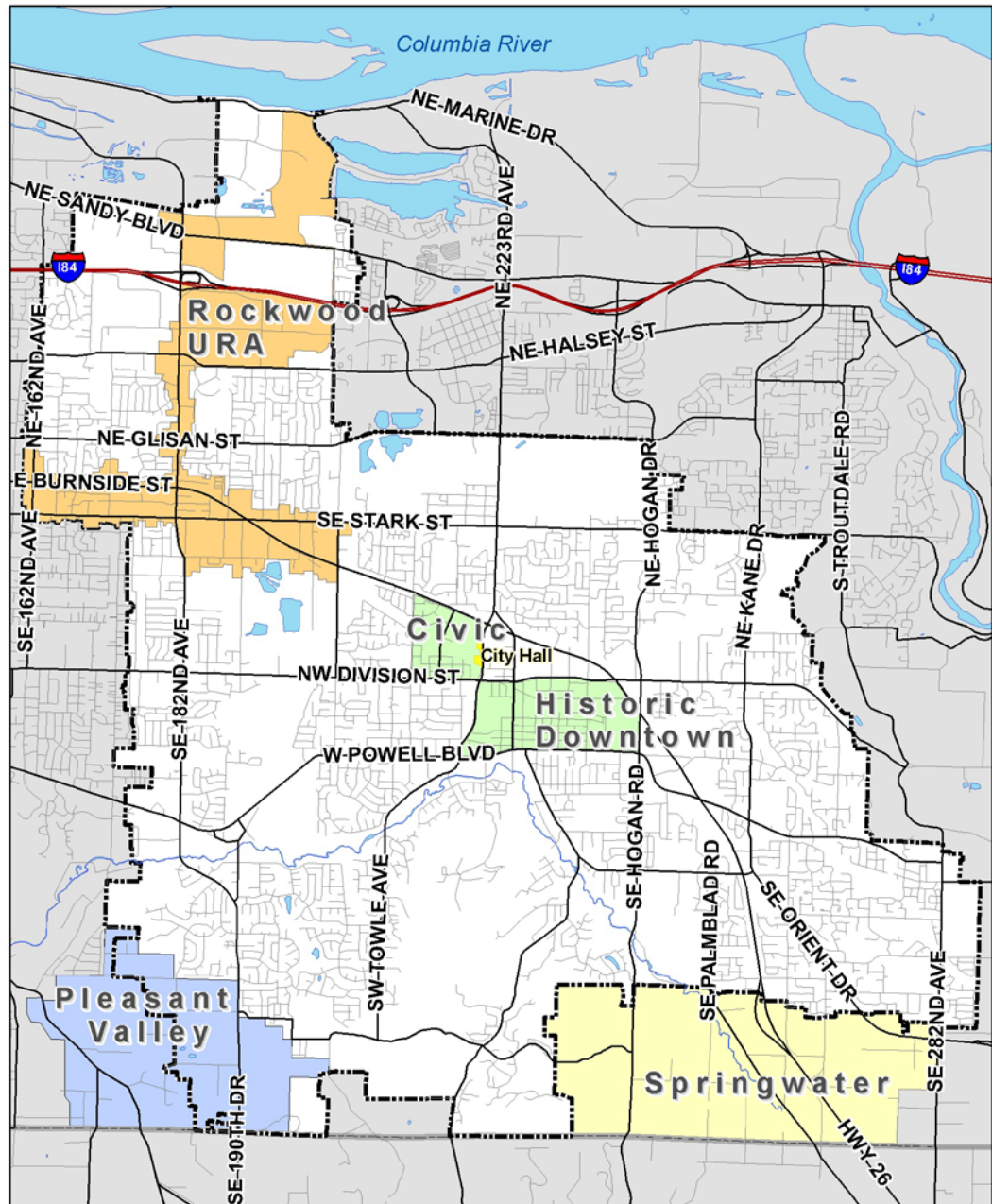
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Gresham, Oregon



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STATEMENT OF PUBLIC INTEREST AND BENEFIT

This statement of the City's Regional and Multnomah County Issues Agenda will guide the City's involvement with a variety of intergovernmental issues during 2009. The City's priorities focus on strengthening Gresham's relationships with local, regional, state, and federal governments to develop the partnerships needed to advance the City's interests.

GOAL

Identify priorities and positions for regional collaboration and advocacy to advance the City's interests.

PRINCIPLES

- Preserve Gresham's local decision-making authority
- Support efforts to stabilize local government funding
- Seek fair distribution of economic development and growth
- Support efforts to improve housing and increase home ownership
- Seek support and assistance for infrastructure investments necessary to implement Gresham's Five Initiatives

KEY PRIORITIES

1. Ensure Metro's Making the Greatest Places initiative incorporates Gresham's perspectives and interests.
2. Seek support for the implementation of Urban Growth Boundary expansion areas.
3. Work toward a long-term transportation solution for the I-84 to US 26 Corridor and advocate funding prioritization for identified improvements.
4. Advocate for adequate resources and partnerships to ensure improved transit security.
5. Support regional efforts on affordable housing and coordinate Gresham's goals with Portland and the rest of the region.

LAND USE AND ECONOMIC DEVELOPMENT

Cities play an essential role in expanding the State's economic vitality. Local, and state tools available to local jurisdictions, are limited and do not fully reflect the current economic realities facing the State and its cities.

The City of Gresham must work with its regional partners to find solutions to current land use issues that are sensitive to their implications for municipalities and their ability to deliver high-quality and sustainable services.

The City of Gresham supports efforts that will generate community wealth, foster regional linkages, support quality education options, and create a balanced and diverse industrial base that provides livable wage jobs and a full range of community services.

Priority Issue **Ensure Metro's Making the Greatest Places initiative (Infrastructure and Public Investment Analysis, Urban/Rural Reserves, RTP Update, Performance-based Growth Management) incorporates Gresham's perspectives and interests – *Metro, Multnomah County, Cities***

The Making Greatest Places initiative is a Metro-led series of projects that will shape the region for decades to come. The results of these efforts will have a significant impact on Gresham's future growth and development.

1. Investing in our communities – how we steer growth into existing commercial areas and promote vibrant mixed-use centers that use land most efficiently and provide more housing and transportation options for residents.
2. The shape of the region – how we manage expansion of the urban growth boundary in a way that protects valuable agricultural land, but also allows for responsible growth.
3. The Regional Transportation Plan (RTP) – how we update the Plan to make it financially realistic and support the region's growth management values.
4. Design – how we implement plans for development within the existing urban growth boundary by developing criteria to ensure decisions support the region's goals and expectations for high-quality development.

Gresham's advocacy related to these efforts will focus on preserving local decision-making authority; seeking a fair distribution of economic development and its costs and benefits; and seeking support and assistance for infrastructure investments necessary to implement Gresham's Five Initiatives.

Priority Issue **Seek regional support for the implementation of Urban Growth Boundary expansion areas – *Metro, Counties, Cities***

The City of Gresham is responsible for two of the largest urban growth boundary expansions in the State. Properly preparing these areas for implementation of

quality new communities and especially industrial job creation, is a vital concern to both the City of Gresham and the region.

The City will advocate for infrastructure investments and other support for efforts to implement UGB expansion areas.

Advocate for Gresham investment opportunities for the Metro Transit Oriented Development program – *Metro*

The Metro Transit Oriented Development (TOD) program is an important regional tool for implementing urban development in the region’s designated centers. Gresham has benefited from strategic TOD investments in Downtown and Civic Neighborhood. Those investments are helping these neighborhoods reach a “tipping point” in the market that will lead to additional urban development.

The will support regional funding of the Metro TOD program and work to ensure additional TOD program investments in the community.

Coordinate Pleasant Valley implementation issues – *Metro, Multnomah County, Portland, Damascus*

The implementation of the Pleasant Valley urban growth boundary expansion area requires close coordination with surrounding jurisdictions.

The City will work with these jurisdictions to ensure efficient and timely improvements to infrastructure and expansion of

service provision; collection and expenditure of systems development charges; and appropriately timed annexations.

Participate in the Damascus Community Plan preparation – *Damascus, Clackamas County*

The City of Damascus has begun preparing their Community Plan. The Plan will have important ramifications for Gresham and our future growth and development.

The City will participate in the planning process and ensure that Gresham’s interests are considered.

Coordinate County land disposition proposals to ensure they are consistent with or advance the City’s goals and objectives – *Multnomah County*

Multnomah County is pursuing a number of options to dispose of County-owned properties within Gresham. The City will work with the County to implement a coordinated approach to these issues in order to inform the County process of potential impacts on the City’s land use, development, and economic development goals.

TRANSPORTATION

The City is responsible for maintaining over 300 miles of streets, over 20,000 signs, over 7,500 streetlights and 96 traffic signals, representing a \$2 billion public investment. Transportation investments and projects have a significant and direct impact on many of the City's objectives for economic development and job creation.

Priority Issue **Work toward a long-term transportation solution for the I-84 to US 26 Corridor and advocate funding prioritization for identified improvements – Metro, ODOT, East Metro Cities.**

A previous analysis of this corridor identified a long-term need for the equivalent of six new arterial lanes of capacity. The study recommended a more detailed regional corridor plan for one of several candidate corridor improvements that would provide improved vehicle capacity and a high capacity transit facility to serve existing and future travel demand. In January 2010, the Joint Policy Advisory Committee on Transportation (JPACT) adopted this corridor planning effort as one of two in the region to move ahead over the next year. The Study will evaluate and identify north-south improvements from I-84 to US 26. The City will be a key participant in the work and will advocate for funding for identified improvements.

Coordinate the Springwater/US 26 access improvement project – ODOT, Multnomah County.

Access improvements on US 26 in the Springwater Plan area are essential for attracting industrial development and implementing the Plan. The City has secured state funding for the design and construction of phase 1 improvements. The City will coordinate with partner agencies during the design and development of these improvements to ensure timely and appropriate implementation.

Support local, regional, and state transportation funding initiatives and advocate for Gresham priorities – Region.

Transportation funding initiative discussions are occurring both regionally and at the state level. The City will advocate for funding efforts that provide regional funding for regional projects, including the Sellwood Bridge; increase funding for maintenance and preservation; and help local community and economic development goals.

PUBLIC SAFETY/COMMUNITY LIVABILITY

Public safety systems within a municipality are vital to the health and safety of the community. The City of Gresham faces significant public safety issues that it can not fully address alone.

Gresham must continue to be an active partner with other agencies to provide direct or complimentary public safety services. The City must further advocate for its interests in a variety of public safety related venues.

***Priority Issue* Advocate for adequate resources and partnerships to ensure improved transit security – TriMet, Portland.**

Demand for police services on TriMet property and vehicles has increased significantly in Gresham while transit security resources have remained largely static. The City will continue to partner with other agencies to secure additional transit security resources and improve transit security in order to enhance the usefulness and positive impact of transit services in Gresham.

Seek and develop partnerships to improve community livability in the Outer East Portland and West Gresham areas – Portland, Multnomah County.

Many of the issues facing the West Gresham area are also present in Outer East Portland. These issues would benefit from a collaborative approach between Gresham, Portland and Multnomah County in order to maximize their effectiveness. The City will identify and build partnering opportunities to address issues of community development, poverty, crime, and infill.

Participate in joint public safety initiatives and advocate Gresham's interests – Portland, Multnomah County, East Metro Cities.

Gresham benefits from a regional approach to many public safety and public safety-related efforts. Gresham will participate in the following efforts:

- Regional recruitment
- East Metro Gang Enforcement Team
- Criminal Justice Advisory Committee
- Juvenile Justice Advisory Commission

HOUSING

The Council has highlighted housing as an important issue for the City. The Council has initiated a rental housing maintenance code to eradicate substandard housing and taken on development of city-wide housing policies as part of its 2008 Work Plan. The following issues represent key opportunities for the City to engage in regional and statewide discussions around housing policy.

Priority Issue **Participate in the MPAC Subcommittee (Regional Housing Choice Task Force) and other groups on affordable housing and coordinate Gresham goals with Portland and regional goals – *Region*.**

The City should be attuned to a variety of special-purposes and ad hoc regional housing efforts that periodically emerge, including the Regional Housing Choice Task Force, the Permanent Supportive Housing Funders' Group, and the Coordinating Committee to End Homelessness. The City's focus will be to ensure that Gresham's priorities and issues are well represented in these policy discussions, particularly when they involve the distribution of resources to promote housing-related goals and the regional distribution of affordable housing units.

Participate in the Oregon Housing Alliance to advocate for increased housing resources – *Housing Alliance*.

As a member of this statewide coalition to advance a range of housing issues in the state legislature, the City should be actively engaged in efforts to advocate for more resources to improve housing choices available to Gresham residents. Current discussions in the Housing Alliance involve a range of issues from mobile home park conversions to preservation of affordable housing. A central issue is the identification of a dedicated revenue source to fund quality affordable housing projects.

Develop a more coordinated and integrated process through regional partnerships and the Social Housing Study – *Portland, Multnomah County, Portland Development Commission, Housing Authority of Portland*.

The City is participating in a study led by the City of Portland to look at ways the five public agencies in Multnomah County involved in housing can improve the planning, development and operation of housing for people not served by the private market. The study is evaluating structural barriers and recommending systems changes that could promote greater efficiency, increased social impact, and better alignment with the housing goals set out by the governing bodies of the agencies.